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ECONOMIC AFFAIRS



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9 OCTOBER 1986

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RESOURCE UTILIZATION AND SUPPLY

RECONCILING BRANCH, REGIONAL INTERESTS IN RESOURCE ALLOCATION

Branch Plus Region

Moscow EKONOMICHESKAYA GAZETA in Russian No 18, Apr 86 p 16

[Article by E. Novikov, Senior Scientific Associate of the Institute of Socioeconomic Problems of the USSR Academy of Sciences (Leningrad)]

[Text] The 27th CPSU Congress, when earmarking the basic directions for restructuring the economic mechanism, included among others the task of providing for an optimal combination of branch and territorial management of the economy. This pertains fully to the organization of resource-saving as well.

Industrial complexes of large cities create products mainly with imported raw material and semimanufactured products. Branch ministries determine the need for these. A large amount of wastes are formed at the enterprises. What is done with them? This must be decided within the region.

Research shows that at the present time wastes comprise from 10 to 45 percent of the processed raw material. At the end of the 11th Five-Year Plan in the Leningrad industrial complex it was necessary to destroy or remove almost three-fourths of the timber and paint and varnish wastes and use petroleum products, more than one-third of the rubber and leather scraps, and four-fifths of the ash and slag.

Purification of all this required tens of millions of rubles each year. It is no accident that during the past five-year period expenditures on maintaining the environment in the necessary condition almost doubled. These funds were spent on the construction of purification installation and sites for burying wastes (the cost of purification installations sometimes reaches 10-20 percent of the cost of the enterprise). And these are not the best variants for solving ecology problems. The more so since the sludge obtained as a result of salvaging is not processed but is simply piled in dumps. Large enterprises of the city annually accumulate more than 2 million tons of solid industrial wastes. One-third of them are composed of metals, one-fifth--ash and slag, and one-sixth--timber. All of them could be fully utilized in the Leningrad industrial center.

Calculations show that in this case the demand for many resources would decrease by 50-70 percent and expenditures on environmental protection measures would also decrease. How can this be done? First of all, it is necessary to maximally utilize wastes at those enterprises where they are formed. An example of this already exists in Leningrad. More than half of the kinds of secondary raw material are put to use in the Plastpolimer Production Association. The Glinozem Association has learned to process both wastes and poor ores, which were previously considered unnecessary.

But with the branch approach it is extremely difficult and sometimes even impossible to find a use for a considerable proportion of the secondary resources.

Take just the utilization of slag and ash from thermoelectric power stations. It has long been known that they are good raw material for the construction materials industry. The technologies for processing them exist. But ash and slag remain in the dumps as before. The explanation is simple: the two branches cannot find a common language. The problem would be significantly simplified with a territorial approach.

An interbranch approach is also needed for organizing repeated utilization of products. We are speaking particularly about recycled containers and individual elements of items which are obsolete for one production but can be suitable for another.

Interdepartmental utilization of wastes presupposes the implementation of organizational measures in the territorial cross-section. First and foremost this will make it possible to prepare secondary raw material more fully and to determine its subsequent utilization more effectively.

But what is the policy for work with wastes in the region? Let us begin with the idea that they should be regarded as local resources. And, consequently, they should be included in the interbranch resource balances. Then, on the basis of data that are obtained, one should plan the development of local productions and the replacement of primary raw materials with secondary ones at enterprises of all branches. This will provide the best way of combining territorial and branch mechanisms of control and improving intra- and interregional ties. In the country as a whole these balances can be used to determine the overall plan for the distribution of interbranch industrial enterprises for processing secondary raw material and reduce transportation outlays.

Interbranch resource balances should be compiled on the basis of detailed information. At which enterprises and in which quantities the wastes are being formed, whether or not a technology exists for processing them, whether or not there are wholesale prices for products from primary and recycled resources--this is far from a complete list of the questions to which one must have a firm answer when working with secondary resources in the region. Unfortunately, so far this information is sometimes scattered and episodic. It would be best of all to systematize it either in the branch planning agencies or in the territorial agencies of the USSR Gosnab.

This is how the quantity and list of wastes formed in various administrative regions of Leningrad depend on the specific features of the productions located there. Industrial Kirovskiy, Nevskiy and Kalininskiy rayons are the main zones where about 50 percent of all the industrial wastes are formed. And this means that it would be possible to deploy here a large proportion of the interbranch enterprises that process them. There are also many secondary resources in the suburban zone, and the proportion of ferrous and nonferrous metals exceeds 48 percent and slag and ash--29 percent.

The least quantity of industrial wastes is found in the central rayons. Of course it will be necessary to ship them out of here in the future. No special enterprise is being constructed in Frunzenskiy Rayon, where they comprise 0.1 percent of all the wastes in the city.

The most important thing is that work with secondary raw materials should be concentrated in one single place. For how many organizations are giving it now? Planning, supply, transportation--it would be best to entrust the coordination of their activity to the local authorities. The expediency of this suggestion is confirmed by Leningrad's example: here the utilization of secondary resources is supervised by the Leningrad Gorispolkom, and the amount of resources brought back into circulation has increased recently.

Of course, the question might arise: where does one find the initial funds for organizing and developing such a regional resource-saving branch? The source could be, in the first place, planned allotment of state funds. In the second place, it could be the redistribution of funds intended for environmental protection in the region; they could be spent, say, not only for the construction of purification installations for water discharged from any particular enterprise, but for the removal and industrial processing of the wastes that pollute this water. In the third place, the money could come from the redistribution and cooperation in the use of funds of branch productions that are located on the territory of the industrial complex so that forces could be joined to introduce reduced-waste and waste-free technologies.

The expenditures would be recouped by economizing on initial raw material and improving the ecological situation.

Working Together

Moscow EKONOMICHESKAYA GAZETA in Russian No 25, Jun 86 p 18

[Continuation of discussion of problem of combining branch and territorial approach to organizing resource savings begun in No 18 of EKONOMICHESKAYA GAZETA by O. Kvitolitaya, chairman of the Georgian Gosstnab, chairman of the republic interdepartmental commission for economizing and efficiently utilizing resources]

[Text] Under the 11th Five-Year Plan the Georgian SSR fulfilled all assignments for economizing on resources. During the past year alone they saved 300 million kilowatt hours of electric energy, 42,000 tons of metal, 125,000

tons of cement, and 150,000 cubic meters of timber materials here. Scientific and engineering personnel of the republic have been enlisted in the work for economizing on resources.

Six of the 75 republic scientific and technical comprehensive programs are directed toward economizing on various kinds of resources and the others include 135 assignments for introducing resource-saving processes. About 100 scientific, planning and design organizations at enterprises participating in the development and implementation of the programs and assignments. This is producing practical results.

One can give as an example the Chiaturskoye manganese deposit where almost a century of operation has led to significant exhaustion of the rich ores. The introduction of methods for mechanized extraction of ore, secondary processing of fields of certain mines and other measures has made it possible to prolong the period of service of the raw material base by another 50 years. More than 40,000 tons of dust and slag containing manganese have been brought into production.

At the Zestafonskiy Ferrous Alloy Plant, because of the introduction of new production processes, they managed to use 700,000 tons of poor carbonate ores.

But nonetheless we still have only a few of these waste-free technologies. For example, if in the food industry all the wastes were put to use (thus the popular cooling drink Bakhmaro is manufactured completely from wastes from tea production), and the petroleum, chemical and coal branches the waste heaps continue to grow.

The savings on material resources in the region are formed from savings achieved by each enterprise individually. Assignments for introducing resource-saving technologies and utilizing secondary raw material are established for them by the ministries, including union ministries. I think that my colleagues from other republics wish as I do for a time when the work of territorial and branch agencies will be directed toward a common goal. This is not happening yet.

In 1985 the Azot and Khimvolokno production associations, enterprises of the USSR Ministry of Agricultural Machine Building and others were fined a total of 8 million rubles for overexpenditure of material resources. But the punishment did not accomplish its purposes. Unfortunately, the ministries are quite willing to help their enterprises to pay the fine and not to arrange for economical operation. The USSR Ministry of Mineral Fertilizer Production found the money to pay the fines for Azot and the USSR Ministry of the Chemical Industry paid them for Khimvolokno. Both associations are operating wastefully as before.

In general one gets the impression that the staff of the branches established assignments for economizing on resources out of a sense of duty, not in the least considering them necessary for the activity of the enterprises under their jurisdiction. And hence the formal attitude toward both punishment and incentives.

Last year workers of the Kutaisy Electrical Mechanics Plant (Ministry of the Electrical Equipment Industry) were paid a bonus for resources saved in.... 1983. Many of them had no idea of what these bonuses were for.

Managers have become less responsible for efficient management. I do not recall a single case in recent years of disciplinary or material punishment of management workers for overexpenditure of resources or failure to fulfill plans for savings. All the fines are paid from the state pocket. And perhaps those people are right who think that a minimum deduction from the personal wages of the director would exert a greater influence than fines amounting to thousands of rubles from the plant coffers?

Moreover the ministries, having noted the difficulties of the enterprises frequently hasten to make their assignments for economizing easier. The Gruzneft and Elektrovozstroitel production associations did not carry out their assignments. We did not even manage to make complaints against them before the USSR Ministry of the Petroleum Industry and the USSR Ministry of the Electrical Equipment Industry "adjusted" the figures for their enterprises and included them among the ones that were operating well! Such deceptions do not have the best effect either on the associations themselves or on the neighboring collectives, and they do not contribute to the policy throughout the region.

When evaluating the work of enterprises for economizing on resources a decisive role should be paid by the opinion of the territorial management agencies. At least in the ministry this opinion should be taken into account when the results are summed up. Local agencies can see more clearly who has what kind of attitude toward their work, for whom the assignments are really too great, and who is not trying to fulfill them.

The very policy for establishing assignments for economy is quite questionable. The enterprise now first receives one assignment, the basic one, and then the additional one and, finally, it also receives socialist commitments. And why? This multistage system brings confusion into the organization of the work. It would be more reasonable to determine concrete goals for the collective simply and clearly all at once.

Imaginary savings and an artificial shortage of resources are frequently the result of incorrect norm setting for the expenditure of materials. There is nothing new here. But the work to improve this is being done slowly and is not producing any appreciable effect. Sometimes various branches even require quite different quantities of materials to manufacture one and the same product.

For example, in our republic 12 organizations of various departments produce crystal items. The technology is identical practically everywhere. But the norms for the expenditure of red lead, hydrofluoric acid and saltpeter--materials which are in short supply--differ from one another by 100-200 kilograms.

With the existing policy for revising norms it is difficult and sometimes even impossible for Gosnab workers to delve into the fine points of technology and determine whether the calculations have been done correctly or not. At the same time, inspections show that at enterprises the norms are raised and, as a rule, the higher organizations approve them. Outdated experimental and statistical norms are in effect at enterprises of the chemical, petrochemical, gas and local industry.

The solution can be seen in creating republic or zonal norm-setting laboratories. The interbranch norms developed here would orient production workers toward applying efficient technologies. I am confident that if the specialists had at their disposal progressive interbranch norms for the expenditure of materials on the production of this same crystal, the expenditures would be optimal.

Such laboratories are needed and they should be organized. It would be best to do this in the system of the USSR Gosnab. And their activity could be arranged on a cost-accounting [khozraschet] basis.

Each year the republic Gosnab draws into circulation above-normative commodity and material values for which there is no bank credit in an amount of 30-35 million rubles. A particular system has been arranged for this. But the problem of surpluses is not being solved--they are growing from year to year. In the first place, because the activity of the territorial supply organizations is directed toward bringing already existing residuals into production and not toward preventing their formation. In our opinion, a preventive measure could be to increase the payment for circulating capital that is frozen in above-normative supplies. Additionally, losses related to the accumulation of surplus supplies by the fault of the enterprises should be covered from their material incentive funds. And questions of bonuses for supply and administration workers should be made directly dependent on the existence and sales of above-normative supplies.

In the second place, the largest amount of surpluses is accumulated at those enterprises which are supplied not by the Gosnab but by other supply organizations.

The republic has about 100 independent departmental supply and sales organizations under the jurisdiction of union-republic and republic ministries, and 80 percent of the supply workers are now working there. They perform approximately 20 percent of all the operations for distribution of material resources. The time has come to analyze carefully the functions of all supply organizations and to eliminate duplication.

The interdepartmental commission for economizing and efficiently utilizing resources deserves a special discussion. Our commission includes representatives of the republic state committee for science and technology, Goskomneftoprodukt, Gruzglavenergo and other republic administrative agencies. We are assisted a great deal by departmental inspection services. The interdepartmental commission is a consultative agency but we have made it a rule to render practical assistance in the local areas.

The interdepartmental commission is that agency which can coordinate the actions of various organizations. The very title of the commission reveals its purpose--to resolve interbranch problems. But, strange as it may be, interbranch commissions of various ranks frequently manifest...a departmental approach. In fact they frequently consider questions regarding the work of individual enterprises and branches. In my opinion this should be done only in exceptional cases. Let intrabranh problems be solved within the branch. Moreover, there are plenty of control agencies without the interbranch commission. The enterprises are visited by a number of inspectors, and many specialists are taken away from their basic work.

The commission should take on problems which the enterprise itself cannot handle and which can be resolved only through the joint efforts of branch and regional management agencies.

Departmental Barriers

Moscow EKONOMICHESKAYA GAZETA in Russian No 27, Jul 86 p 8

[Article by V. Veselov]

[Text] The 27th CPSU Congress, when determining the basic directions for restructuring the economic mechanism, set among other tasks the task of providing for an optimal combination of branch and territorial management of the economy. This pertains fully to the organization of resource saving as well.

A considerable amount of material published during the past 2 months in the newspaper was devoted to this problem and is being discussed in the letters from the readers. What has evoked this interest? First and foremost, the legitimate concern for the fate of immense public wealth which is not being used and frequently perishes as a result of departmental separation, when enterprises of various branches, pursuing "their own" interests, ignore the need for comprehensive waste-free processing of raw material.

Here is one of the examples given in a letter from a professor of the Krivoyrog Mining Institute, N. Zoshchuk.

In the regions where iron ore deposits are being worked, so much stripping rock and wastes from enriching ores are being accumulated in the dumps that it is possible to speak of the appearance of a new, man-made topography. The appropriate technical equipment and technology to transform these technogenic mountains into construction materials which we need so much have been in existence for a long time now. Nonetheless, in order to manufacture gravel, sand, binding materials, brick and everything else, each year it is necessary to extract about 2 billion tons of primary raw material! And, as usual, the departments are not very interested in the wastes.

The main impediment to the comprehensive utilization of mineral resources are departmental interests, giving preference to branch interests over state interests. Iron ore is extracted by enterprises of the Ministry of Ferrous Metallurgy. The materials obtained from the dumps should be used by

organizations of the construction ministries. It is difficult for them to find a common language if they find one at all.

Unfortunately, the lack of a common language is typical of more than just this situation. One can tell (and participants in the discussion are doing this on the pages of EKONOMICHESKAYA GAZETA) of hundreds and thousands of cases in which waste from one enterprise which are suitable for use in another one, but it is under different departmental jurisdiction and so they are destroyed or dumped, thus polluting the environment. And the main thing to blame for this terrible extravagance is this departmental interest.

Departmental barriers, which are almost impenetrable for natural economic ties that are dictated by elementary economic necessity and common sense, cut along the vertical of the unified national economic complex, separating links in the technological chain of waste-free production.

How does one fight against this evil? The authors of the articles and letters received by the editorial staff all agree: it is necessary to establish direct contacts among enterprises directly in those regions where they are located and to comprehensively develop the territorial approach to the organization of savings on resources and not wait until the branches agree at their own upper level to cooperate in the area of economizing. Moreover, it is impossible to envision all the details of this process in the ministries. What is needed here are the joint work of the labor collectives themselves, their initiative and their energy. The goal of such work is to create a waste-free technological cycle in the region and to salvage the maximum amount of production wastes that are formed here. And this must be done through joint efforts of enterprises, regardless of their departmental jurisdiction.

Thus we are speaking about transforming industrially developed administrative regions into regions with waste-free production.

The feasibility of this task is shown by the experience in the organization of resource saving, in the Ukraine, in Leningrad and in other places. Today practically everywhere attempts are being made somehow to influence the state of affairs with respect to the utilization of material resources, which in and of itself shows how crucial and timely the problem is. The experience that has been accumulated also clarifies the contours of the territorial system for economizing on resources, the demands that are placed on it and the difficulties in realizing regional programs for economizing. All this has been reflected in the materials of the discussion.

Let us begin with the fact that in order to create a waste-free technological cycle in the region it is necessary to have precise information about the quantity and nature of the wastes that are being formed on the territory of the administrative region. On the basis of this information it is possible to determine the ways of utilizing the secondary raw material, to make recommendations to the consumer enterprises, and to help them in developing the corresponding technologies.

Who will handle this? Life has already provided an answer to this question: local agencies of authority and the territorial agencies of the USSR Gosnab.

Of course, not only and not fully through their own forces. Local soviets are called upon to enlist in this matter scientific and technical personnel found in our industrial centers and to direct and coordinate their work.

For example, in Novgorod they recently opened an oblast center for economizing on raw material and for waste-free technology on the basis of a polytechnical institute. A bank of information concerning wastes from enterprises in the oblast is being created here and orders are being fulfilled for the development of technologies for its utilization.

For the majority of production wastes formed in the national economy there is no technology for processing and the group of consumers with the necessary capabilities of utilizing secondary raw material instead of primary raw material has not been clearly defined. And this is not surprising if one takes into account the incredible diversity of wastes from various productions. There is not a single branch that could handle the task of finding the application for all the technical byproducts of its enterprises if it were acting in isolation. But within the framework of the industrial region on the basis of cooperation of forces of the enterprises, scientific and training institutions and organizations, it is quite realistic to find concrete methods of applying those kinds of wastes which are formed here.

The comprehensive programs developed in a number of oblasts for the utilization of secondary resources confirm this. But the practice of implementing these programs shows equally obviously the slight degree of effectiveness of many regional plans for economizing on resources. Thus the comprehensive program for economizing adopted in Krasnoyarsk Kray still remains nothing more than a noble desire, for it has not been reinforced by the corresponding organizational measures and it is purely a recommendation. It is impossible to break down departmental barriers on the path to the creation of waste-free production regions this way.

What is keeping us from reaching even those fairly modest goals that are contained in the regional programs for economizing on resources? Participants in the discussion pointed out certain objective factors. The one most frequently mentioned was: the local agencies of authority find it difficult to influence the enterprises, not wanting to burden themselves with concerns associated with the utilization of secondary raw material--both "their own" and "others." In this regard it was suggested that the planning commissions of local soviets and territorial agencies of the USSR Gosplan be given the right to reduce supplies of primary material if there is a possibility of replacing it with secondary material.

The suggestion undoubtedly deserves attention. In the political report of the CPSU Central Committee to the 27th Party Congress it was noted that in solving a number of problems of local significance the capabilities of the soviets are still limited and there is excessive centralization in matters which can far from always be seen from the center and can be resolved much better locally. In this connection it is necessary to consider in detail the question of interrelations between the soviets and enterprises of higher jurisdiction that are located on their territory and to determine the interest of the local agencies of authority and the results of their work.

But do the local soviets have so little authority now that they cannot find the necessary levers for influencing the policy for the utilization of resources in the region? The question is purely a rhetorical one, for these levers exist. The possibilities of using them are granted by law to kray and oblast soviets. Take, for example, such an area as protection of nature and efficient utilization of natural resources. We recall that in the beginning we discussed the supplies of construction materials that are lying in the dumps of mining enterprises. How does one overcome the inertia of departmental interests when neither the miners nor the construction workers are engaged in the development of these large artificial deposits?

According to the law, local soviets provide for state management and state control in the matter of the utilization and protection of all land on the territory of the kray or oblast. They grant and take away plots of land. Consequently, the amount and the very existence of dumps at mining enterprises depend on the decision of the local soviet: what area of land will be granted for this purpose? On the other hand, the local soviet, taking advantage of its right, can determine the expediency of allotting land for the development of natural deposits of construction materials.

It is understandable that the limitations or even the direct prohibition against allotting land for these purposes can cause the parties to forget about departmental interests and work together on salvaging wastes. There simply is no other solution.

An equally effective lever in the hands of the local soviets is their right to provide for state management and state control in the area of the utilization and protection of the waters, forests, minerals, atmosphere and animal world. Here is a concrete example. The Krasnoyarsk plant for medical preparations annually discharges more than 600 tons of used butyl acetate. Yet through the simplest redistillation it is possible to obtain from these wastes 500 tons of butyl alcohol and to put it back into production. Elementary logic suggests that the plant must be prohibited from throwing away the wastes, thus polluting the environment, and it must be forced to begin to utilize secondary raw material.

Unfortunately, in this as in many other cases, the local soviets have not taken advantage of their authority. Of course, it is not easy to make such decisions. And it is not a simple matter to implement them either. This is a conflict, and frequently it is with those enterprises which have the most "weight" and influence in the region, and sometimes in the branch as well.

"Prohibitive measures" are a strong means, but they are still not the main one. Always in the foreground is the organizational work of local soviets for creating an effective territorial system for economizing on resources. The forms and methods of this work can be extremely diverse. Therefore we do not consider a discussion of the problem of combining the branch and territorial approach to resource saving to be ended. The pages of EKONOMICHESKAYA GAZETA, as usual, have been opened up to those who wish to express their opinion regarding this issue and share experience.

The editorial staff is especially waiting for responses from workers of local soviets. So far none of them has participated in the discussion of this matter, which pertains to them directly. And this is very instructive. In many cases the local agencies of authority have become accustomed to the notion that they are not responsible for the work of enterprises under highest jurisdiction that are located on their territory and they have not taken an active, aggressive position in the struggle for efficient utilization of material resources. Too often the ispolkoms of the local soviets try to avoid burdening themselves with this work and limit themselves to a purely formal drawing up of programs for resource savings--for the report.

No small role is played by the fear of "ruining relations" with the ministries whose enterprises create dumps of industrial wastes on immense sections of land near the cities and who discharge their wastes into the air and water basins. And the result is always the same: losses of secondary resources and damage to the environment.

It would seem that in addition to the rights granted to the local soviets which give them every opportunity to decisively influence the creation of territorial waste-free cycles, it is necessary to specifically make them responsible for carrying out this task.

At the same time, life shows that the rights of local agencies of authority, even when reinforced by the corresponding obligations, are realized only to the extent that the local soviets are interested in acting on them. Therefore it is obviously necessary to stipulate that some of the economic effect formed as a result of the organization of waste-free production on the territory of the administrative region should be left at the disposal of the local soviets and serve as a source of financing social programs.

When giving the political report of the Central Committee at the 27th Party Congress M. S. Gorbachev said: "Receiving a mandate from the voters, the local agencies of authority take on responsibility for all spheres of life on their territory. Even if somebody might say that is not my problem, for the soviets this is unacceptable."

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RESOURCE UTILIZATION AND SUPPLY

GOSSNAB OFFICIAL INTERVIEWED ON RESOURCE RECYCLING

Moscow IZVESTIYA in Russian 17 May 86 p 2

[Interview with V. N. Ksintaris, first deputy chairman of the USSR Gosnab, by Yu. Grinko: "Resources of the Second Cycle"]

[Text] [Question] Vasily Nikolayevich! Economizing on capital resources and bringing production and consumption wastes into circulation are one of the most important tasks of the day. As was noted at the 27th CPSU Congress, the reserves for economizing are immense, but so far they are not being fully utilized. These same issues were discussed at the last meeting of the Central Committee Politburo, which adopted an appropriate decree. I should like to begin our discussion with experience in resource savings which everyone knows about. In the Ukraine the proportion of secondary raw material in resource consumption now amounts to 12 percent. This is more than in a number of other union republics. What is being done to disseminate this?

[Answer] In the national economy as a whole, during the years of the 11th Five-Year Plan we saved about 9 million tons of rolled ferrous metal, more than 10 million tons of cement, almost 18 million cubic meters of timber materials, and a considerable quantity of fuel. But still the amount of resources that were saved is inadequate. The savings covered no more than 35 percent of the increase in the demands of the national economy for raw materials, processed materials and fuel. In order to reach more significant goals, and, as we know, the 27th CPSU Congress set the task of doubling the savings on material expenditures under the 12th Five-Year Plan, it will be necessary to do a good deal of work.

A good deal of attention is being devoted to the dissemination of the Ukrainian experience. In various regions of the country more than 30 permanent exhibitions have been opened up whose goal is to help to reveal reserves for economizing and to put them to work. The Ukrainian experience in increasing the degree of industrial readiness of materials that are delivered is being utilized actively. It has been adopted by collectives of more than 400 shops and enterprises of the USSR Gosnab system and makes it possible to reduce their losses during consumption by 10-15 percent. And the output of high quality products from wastes has been arranged at more than 70 of our enterprises. In addition to enterprises of the Ukraine, it is necessary to take special note of the Leningrad Cardboard and Paper Factory and a number of

enterprises of Belorussia, Moldavia, Estonia and Georgia and also Moscow, Murmansk, Vladivostok, Kazan, Kemerovo and other cities.

Moreover, regular publication of catalogues of wastes that are formed in the various regions has been organized in all the union republics and regions of the RSFSR. Trade fairs of wastes are becoming more and more widespread--this is an important addition to the planned forms of drawing them into circulation. We have begun more actively to use progressive norms for the expenditure of raw and processed materials and we are using reduced-waste and resource-saving technologies and equipment.

[Question] What is being done to make sure that everyone will keep up with this work?

[Answer] The utilization of secondary resources in the country has been put on a planned basis. The corresponding assignments are envisioned in the state plans both in the branch and territorial cross-sections. Each year more and more capital investments are allotted for the development of capacities for procuring and processing industrial and household wastes. Thus in the USSR Gosstab alone during the years of the 11th Five-Year Plan more than 2 million rubles more were allotted for these purposes than under the 10th Five-Year Plan. And this has produced results. The overall volume of secondary raw material brought back into economic circulation (not including rock from strip mining) in the country in the whole increased 1.5-fold during 1980-1985. The volume of salvaged secondary thermal energy supplies increased by an equal amount. Almost one-third of the ferrous metals, one-fourth of the paper and one-fifth of nonferrous metals and individual kinds of chemical products are produced from secondary raw materials today. The output of products of the microbiological industry is based almost completely on timber wastes and wastes from agricultural production.

We shall not close our eyes, however, to the fact that a large quantity of industrial and household wastes are discarded. And the significance of this problem is increasing more and more. Even now the rates of increase in the volumes of waste exceeds the increase in production and the number of the population 2-3-fold. This is basically because of the processing of raw material in which the concentration of useful components is decreasing more and more. We are also expanding the assortment of material resources that are being used, but the comprehensiveness of their utilization is inadequate. The utilization of secondary resources, as we see, is not only a most important economic task, but also an ecological one. Moreover, its solution is not always linked to greater material expenditures or difficulties of a technical nature.

Incidentally, this is also confirmed by the experience in the Ukraine. The republic comprehensive target program for utilizing secondary resources is being implemented consistently in Moldavia. Similar programs have been approved in Kazakhstan, Uzbekistan, Georgia and Azerbaijan and in Moscow, Kuybyshev, Perm, Murmansk and a number of other oblasts and krais of the RSFSR. Such programs are now being developed for the 12th Five-Year Plan in practically all regions of the country.

As concerns the unionwide scale I can announce: recently the USSR Gosplan, the USSR Gosstat and the USSR State Committee for Science and Technology approved the State Program for the Utilization of Secondary Resources During 1986-1990 and the Period Up to the Year 2000. Its implementation will make it possible to release 70-75 billion rubles' worth of primary resources, even under the 12th Five-Year Plan, or 1.7 times more than under the preceding five-year plan. By the year 2000 the proportion of secondary resources in the balances of the most important materials is to be increased to 18-20 percent.

[Question] How does one materially motivate the ministries, departments and enterprises to utilize raw material comprehensively?

[Answer] You know, there are more than 40 revolutions in effect concerning material incentives for the utilization of various kinds of wastes. But.... the faucet is turned on, but the water is not coming out. It is apparently not merely a matter of forms and amounts of incentives. Are the Prikarpatles or Yugmabel associations really working under the conditions of the different economic mechanism than similar enterprises of the USSR Ministry of the Pulp and Paper Industry? Yet for the former the utilization of timber wastes approaches 100 percent while for the others it does not even reach one-third. A good deal here depends on the initiative of the managers and their ability to resolve problems in a way that is in harmony with state principles. The essence of the matter is that not everywhere have they managed to achieve a turnabout in attitudes toward secondary resources just as they have not changed regarding public property. Let us say that wastes from metallurgical production (blast furnace and steel-smelting slag with a large content of iron and other valuable components) are used instead of gravel for constructing roads. Can one really accept such an approach to drawing secondary resources into circulation? This is really a rhetorical question. Therefore one must have an effective system of responsibility for effective utilization of wastes. Work is now being done in this direction. As concerns the expansion of the capabilities of labor collectives in the matter of more comprehensive processing of raw materials and the introduction of reduced-waste and waste-free technologies, this should be promoted largely by measures earmarked by the CPSU Central Committee and the USSR Council of Ministers for extensive dissemination of new management methods and a strengthening of their influence on the acceleration of scientific and technical progress.

[Question] In Leningrad there is a fairly good garbage processing plant and the newspaper has already written about it. But it has also written (see Nos 158-159 for 1984) about the fact that approximately 9 percent of the 3 million tons of solid waste accumulated in Moscow annually is processed. Throughout the Russian Federation 28 million tons of garbage are accumulated and 2 percent is processed. What is keeping the country from building enough garbage processing plants so that the dumps do not continue to grow in our cities (at least, to begin with, the cities with more than 1 million people)?

An analogous question--concerning scrap paper. What is keeping us from building as many factories as we need to process it? This, after all, will help to cover the "paper shortage." You, of course, can say that the latter question does not pertain to your department. But nonetheless what is your point of view? How can it be resolved?

[Answer] In the next few years there should be 40 plants for processing solid household wastes in operation in the country, and they will be mainly in cities with a population of 1 million. Some of them have already gone into operation, including the Leningrad garbage-processing plant which you have mentioned. Here many valuable components are extracted from the wastes and they process compost which is in great demand for hothouses as well as a number of other products that are necessary to the national economy.

Unfortunately, the rates of construction of plants for salvaging domestic wastes are arousing legitimate concern. There is no doubt that local agencies should have a lot to say about this. It is necessary to break the habit of regarding the construction of these facilities as something secondary. With respect to the prospects I can say this: a document that is now prepared concerning improvement of the work of housing and municipal services envisions instructing the councils of ministers of the union republics and the republic housing and municipal services ministries to develop no later than 1987 long-range plans for the distribution of enterprises for processing domestic wastes. Moreover, from our point of view, they should be oriented precisely toward processing and not toward burning garbage. It is no less important to arrange things so that such objects are constructed in a maximum of 3 years.

As concerns the second part of the question...well, it is directed toward a department which has already for several years now been fairly extensively engaged in the utilization of wastepaper. As we already said, the USSR Gossnab has constructed two enterprises for processing waste paper: in Leningrad and Kiev, with a capacity for processing 200,000 tons of cardboard each. And scrap paper comprises 75-80 percent of the composition of raw material. Five more factories are being constructed for producing cardboard boxes. Capacities are also being constructed for producing toilet paper out of scrap paper. Development is being completed on proposals for constructing enterprises for processing scrap paper during the period up to the year 2000. We are acting on this proposal and will not only be able to fully satisfy the country's need for containers and packaging, but also to release a considerable quality of pulp which is so necessary for producing paper. At the same time we should like for the Ministry of the Pulp and Paper Industry and other ministries to take a more active position in this matter. Their primary concern should be a reorientation of the development of their raw material base toward maximum utilization of wastes and comprehensive replacement of primary raw material with secondary.

[Question] The return of used materials in our cities is not great. Many readers explain this by the fact that the forms of gathering secondary raw material are not convenient for the residents. Here one fondly recalls the "old folks" who walked through the yards several decades ago. It is being suggested that points on wheels be established for collecting wastepaper and other secondary raw materials so that special vehicles can drive around through the streets and yards. In his response to the article "Without Wastes--In Words. But in Deeds?" (IZVESTIYA, 1985, No 151) Deputy Chairman of the USSR Gossnab N. M. Nikolaychik announced that by the end of the five-year plan, in the region of operation of procurement organizations of the USSR

Gossnab there would be more than 6,000 receiving points in operation and 2,200 of them would be mobile. The five-year plan has come to an end. Can you say truthfully that one-third of the procurement points are already on wheels? How does one explain the fact that in Moscow as a whole as well as in many other places this picture cannot be observed visually?

[Answer] I can confirm that in the system of the USSR Gossnab there is precisely this number of mobile points. I agree that they are not very much in evidence visually, taking into account the scale of the country and the need for such points.

Under the current five-year plan more than 360 million rubles have been invested in the development of the procurement network of the USSR Gossnab, a 1.8-fold increase over the 10th Five-Year Plan. Considerable amounts of money have also been invested by Tsentrosoyuz. But this has not made it possible to expand the procurement network sharply. Why? It was necessary to eliminate approximately 3,000 procurement points that were located in unsuitable premises. Under the 12th Five-Year Plan the overall number of procurement points will begin to grow at considerably more rapid rates. And "Points on Wheels" will comprise a significantly greater proportion.

And as concerns the nostalgia for the "old timers"...one can hardly call this justified. Not only the times have changed, but also the scale of the work has changed. Now one worker in a year produces as much scrap paper, secondary textile materials and other materials as the "old-timer" of previous years could gather in his entire life.

We believe that the solution lies not only in expanding the network of procurement points and increasing their mobility, but also in the introduction of effective new forms of gathering domestic wastes. In our country and abroad there is experience in extensive enlistment of housing and municipal services workers for these purposes. It is simply a matter of having each microrayon establish special containers for gathering scrap paper, worn-out clothing and metalware and being able to motivate people, and not just materially. Of course a good deal here depends on the initiative of the local soviets of people's deputies. With a correct arrangement of things they can achieve high results in solving this important problem.

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RESOURCE UTILIZATION AND SUPPLY

INCREASED MATERIALS STOCKPILING IN INDUSTRY DEPLORED

Moscow PLANOVYE KHOZYAYSTVO in Russian No 6, Jun 86 pp 80-86

[Article by "Observer": "Accelerate the Turnover of Material Resources"; passages enclosed in slantlines printed in boldface in text]

[Text] /In connection with the growth in the scale of the country's economy, the problem of insuring a rational level of reserves of commodity stocks in social production is becoming more and more important. The rate of growth in these reserves exceeds the rate of production growth; this hinders performing the tasks of accelerating socioeconomic development. Measures aimed at eliminating existing negative tendencies in this sphere and creating conditions for significantly accelerating the turnover of material resources have become imperative./

The intensification of social production is a multifaceted process. It must encompass all aspects of the economy. And accelerating the turnover of material resources is one of its main paths.

Taking into account the importance of this process, the Main Directions of Economic and Social development of the USSR for 1986-1990 and in the Period till the Year 2000 adopted by the 27th CPSU Congress, proceeding from the main task of the 12th Five-Year Plan, defined a pressing task -- /"accelerating the turnover of national economic resources without allowing above-norm reserves of commodity stocks."/ ¹ The course to reduce the materials intensiveness of production as a decisive source for satisfying the increased needs of the economy for material resources envisions reducing the period of time during which production output goes unconsumed and comparatively reducing the amount of resources diverted to form stockpiles. Otherwise, the effect from conserving resources achieved as a result of their rational use in production will be, to a significant degree or completely, "eaten up" by unjustified growth in material stocks. Put differently, intensification demands an assessment of the efficiency of the use of material resources overall, that is, in the reproduction process as a whole.

When the movement of production stocks in the 9th, 10th, and 11th five-year plan periods is evaluated from this standpoint, the situation cannot be considered satisfactory. According to data of the USSR Central Statistical

Administration ² for 1970-1984, the gross national product (in actual effective prices) rose by a factor of 2.1, while working capital in reserves of commodity stocks (excluding kolkhozes) increased by a factor of 2.7. The turnover rate of stocks during this period slowed down from 88.5 days to 117.4 days, that is, from 4.1 to 3.1 cycles a year.

The rate of increase in stocks declined from 12 percent in 1981 to 5.4 percent in 1984; however, it continued to exceed the rate of increase in production, which in 1984 was 4.2 percent. A tendency which runs counter to intensification of social production has appeared in the movement of stocks.

A high rate of growth was characteristic of the entire structure of the aggregate material reserve -- production stocks (including raw materials, basic materials and purchased semimanufactures, spare parts for repair work, inexpensive and fast-wearing objects, and the like), incomplete production and in-house semimanufactures, finished output, and commodities.

As a result, an ever-greater part of material resources was diverted from economic turnover and consumption. Thus, in 1970 25 kopecks worth of stocks were needed per ruble of national product, while by 1984 33 kopecks were needed. In 1984 the total increase in reserves of commodity stocks for the national economy was 22.5 billion rubles, with an annual increase in national income produced of 21.5 billion rubles.

The rapid rate of growth in material stocks prevented full utilization in the economy of the results achieved in reducing the materials intensiveness of production. Savings in raw and processed materials, fuel, energy, and other objects of labor in the national economy amounted to 12 billion rubles in 1984 as compared to 1980, while in this same period reserves of commodity stocks rose by 121.6 billion rubles. From 1975 through 1984 the materials intensiveness of industrial production declined by 2.9 percent; because of this the actual volume of national income should have increased by more than 20 billion rubles. But a significant part of this capital could not be used since material stocks in industry alone rose by 7.8 billion rubles in this same year.

The changes in reserves over time in various sectors of the economy differ.³ In 1975-1984 reserves of commodity stocks rose by 142.2 percent in construction (contract organizations), 86.8 percent in industry, and 73.4 percent in the material-technical supply sector. As a result, only a small slowdown in the turnover rate of reserves occurred in supply and marketing, while the turnover rate in industry slowed down from 54.3 days to 66.8 days and in construction --- from 126.4 to 209.4 days!

Thus, industry enterprises and contract organizations of construction ministries and departments, in particular, had a decisive influence on slowing down the economic turnover of material resources. However, while the turnover rate of all types of reserves -- production, and incomplete production, and finished output -- slowed down in industry, in construction the slowdown occurred mainly in incomplete production, which accounts for about three-quarters of their material working capital, while the rate of growth was 1.5 times higher than for the production stocks of contract organizations.

/What are the reasons for the obvious trouble in such an important area of our economic activity? And what must be immediately done to achieve a decisive turnaround in accelerating the national economic turnover of material resources?/

First of all we should note the justified growth in stocks related to progressive changes in the sectorial composition and distribution of production. This refers to the rapid growth of machine building and the light and food industries, that is, sectors with objectively higher comparative levels of essential stocks, and accelerated development of the country's northern and eastern regions, whose economic incorporation naturally requires accumulation of large volumes of different types of raw and processed materials.

But unused stocks for accelerating the turnover of material resources attract attention; these stocks in large part overlap with the conditions that cause changes in the sectorial and regional composition of production. The reasons for these phenomena are explained in different ways.

Thus, some of the economic cadres of enterprises and associations believe that the unreliability of supply -- delayed and incomplete allocation of material resources, suppliers not fulfilling their commitments, and, frequently, transportation difficulties -- promotes the accumulation of larger reserves. Persons working in the higher levels of sectorial management say that one of the primary explanations for the formation of large reserves is the psychology of careless managers who operate on the principle -- "Reserves don't stretch your pocket!"

To a certain degree one may agree with both the one and the others. But it must be stated immediately that both points of view are not causes, but effects. The causes lie in the imperfect mechanism of economic activity and in its lack of correspondence with the intensive type of social production which determines the need to restructure all aspects of planning and economic work.

First of all formalism in planning material proportions in the national economy must be completely eliminated and the balance of production and consumption and work toward achieving correspondence between supply and demand for a number of products must be made more realistic. Lack of coordination of the indicators in consolidated and expanded output lists is having an effect. Output of new production facilities has frequently been included in resources although it was well known in advance that this output would not be in existence on schedule. The minimal essential reserves of production capacities were not envisioned.

Formalism in planning was worsened by the assertion that the law of continually rising needs supposedly makes a certain shortage of resources for their satisfaction inevitable. The advocates of this interpretation completely ignored the category of effective demand and the opportunity for its full satisfaction as a condition of planned balanced development of the socialist economy.

Many enterprises, associations, and economic organizations, seeing accumulation of increased stocks as a "panacea" to difficulties, overstate expenditure norms for material resources, demand increased norms for internal working capital, and so on. Unjustified norms and standards have made employees of organs of economic management lose faith in the reliability of estimates of the need for material resources "coming from below" and have led to mistakes in working out plan indicators. Nonetheless, enterprises and associations have managed to get "their own way," since planning was usually done "from the base" and stocks steadily rose.

/Therefore an important issue in performing the task of accelerating the turnover of material resources is scientific substantiation of norms and standards and a real balance of plans, including the formation of the necessary reserves./ This will immediately have a positive effect on the reliability and stability of supply and will create the base for breaking down the psychology of "setting aside just in case" which has taken shape. Life itself will force the bearers of such a psychology to change or leave.

The development of wholesale trade in production-technical output, which envisions a flexible system of distributing material resources, will play an important role in this matter. Supply, guaranteed in volume, assortment, quality, and schedules, to consumers of material resources at their orders will create confidence in the reliability of supply at associations and enterprises. One of the main motives of consumers' desire to form stocks in increased amounts will thereby become superfluous, while receiving resources as the need for them arises will help create comprehensive and mobile stocks which correspond to the actual needs of production.

Refinement of planning activity is especially significant for the rational formation of stocks in capital construction, where planning shortcomings are the main cause of the accumulation of unneeded materials and uninstalled equipment. The lack of timely developed and stable capital construction plans, the imbalance of financial and material resources, and volumes of construction-installation work and their contract support, and the lack of correlation between construction plans and plans to produce ferroconcrete items and metal design elements force construction organizations to order material resources arbitrarily at times and divert enormous amounts of physical assets from turnover for long periods of time and at times even make them useless.

Is it really possible to correctly determine the need for material resources and prevent the purchase of unnecessary materials and items if supply plans are worked out long before plan indicators on production of output and jobs for which these resources are intended are established? Unfortunately, this planning practice is still used in capital construction and it leads to negative consequences. We are by no means underestimating the shortcomings in the work of the construction workers themselves, but the main lever in solving the problem of stocks in this sector of the economy is improved planning.

The economic mechanism which has operated in construction has done a poor job of inducing construction-installation organizations to reduce the deadlines for erecting and reconstructing objects and, consequently, to reduce the

volumes of incomplete construction. There is a lack of the needed synchronicity between the work of enterprises which produce construction design elements and in the work of construction-installation organizations; as a result production stocks of ferroconcrete items increase unjustifiably. The conversion of industrial enterprises to planning and economic incentive in accordance with the orders of construction-installation organizations could help accelerate the turnover rate of stocks in capital construction.

The CPSU Central Committee USSR Council of Ministers decree adopted in March 1986 entitled "On Additional Measures to Improve Capital Construction in Order to Accelerate Scientific-Technical Progress in the Country's Economy" envisions important measures aimed at insuring the construction and reconstruction of objects within the established normative deadlines. The real prerequisites for reducing incomplete construction production and the material stocks included in it are thereby created.

One of the causes of the irregular dynamics of material stocks is the lack of correlation in the actions of economic departments. Plan indicators on norm-controlled working capital have frequently been established without the proper correlation with the change in norms of material stocks. For example, in 1979-1981 the rise in the norms of working capital for 10 machine building ministries not only exceeded the rise in volumes of output production but also exceeded the dynamics of the actual existence of norm-controlled working capital, essentially opening up additional opportunities for the enterprises and associations of these ministries to accelerate the accumulation of stocks. Data on 26 USSR and USSR-republic industrial ministries for 1983-1984 confirm the lack of any regular connection between indicators of increases in output production and working capital. For certain ministries the annual growth rate in working capital fluctuated from 96.2 percent to 127.2 percent, while the growth rate in commodity output was from 100.9 percent to 108.1 percent. The orientation of the changes in these indicators was completely different for most ministries.

Obviously, it is now necessary for norms of material stocks to be made the basis for setting norms of working capital and the planning of working capital to be closely coordinated with the dynamics of production volumes. Joint decisions by central economic departments to accelerate the turnover of stocks must be reinforced by joint actions in particular directions for performing this task.

The press has published data which not only confirm consumers' extensive financial opportunities to acquire unnecessary material resources but also confirm that organs which distribute these resources are not using economic tools in allocating the appropriate funds and setting the appropriate ceilings. There is often talk of opportunities to use the "financial press" in state interests, but its actions in the area of forming stocks are almost imperceptible. Thus, for example, an analysis of the practice of allocating funds for material resources for a number of enterprises and associations showed that they exceeded the requirement envisioned for these purposes by the established estimate of expenditures for production by up to 10 percent. But who, then, ultimately benefits by such "concern" for modern "Plyushkin's" [miserly character in Gogol's Dead Souls] It is time to insure the uniformity

of cost and physical indicators in distributing resources, using thoroughly economically substantiated estimates of expenditures for producing output and performing jobs more boldly.

/We must markedly improve norm setting and planning for all types of material stocks held by consumers and manufacturers of output, as well as those in storage facilities of territorial supply organs./ At the present time norm setting of stocks for different kinds of output is carried out on a nonuniform methodological basis, without taking into account the actual conditions of material-technical supply, while the standards established in many cases are unrealistic. Total stocks overall are frequently ignored and their economic composition, which has a great impact on the rate of national economic turnover of material resources, is not adequately considered. The latter fact merits special attention. Many enterprises and organizations consume smaller quantities of output than that envisioned by ratified special supply specifications and norms of output shipment from the manufacturer. If this output is delivered directly, that is, bypassing the warehouses of supply and sales organizations, large stocks are as a rule formed at the consumers' site and lie without movement (frequently for many years). Therefore, it is vastly more efficient to supply consumers who need various types of output in small quantities, through the warehouses of territorial supply organs.

One of the causes of the unjustifiably high level of stocks in the country is, in the opinion of specialists, the inadequate scope of warehouse supply. Therefore, the proportion of stocks found in material-technical supply organizations must be increased (in 1975-1984 it declined from 5.29 percent to 4.85 percent). Increasing the proportion of stocks in the material-technical supply sector should be accompanied by substantially expanding their assortment and matching it as best possible with the demand of all consumers being supplied. In this connection, it is imperative to improve the type composition, especially by including output in it which is at present almost always supplied directly, rather than accelerating the turnover rate of "collective use" stocks.

In turn, wholesale trade presupposes a high level of preparedness of territorial supply organs to react promptly and flexibly to consumer demand and the ability to satisfy their orders from existing resources in short periods of time. In this case, the existence of commodity stocks which meet these conditions becomes an important prerequisite for the successful operation of the progressive form of material-technical support of the production and other needs of the economy.

The dispersion of widely used commodity stocks at many storage facilities of small departmental supply, sale, and assembly organizations which operate alongside all-state and other intersectorial systems of supply remains an acute problem. The rational concentration of material resources in large supply and sale organizations which serve all consumers, regardless of their departmental affiliation, and more clear-cut specialization of enterprises of the material-technical supply sector will undoubtedly help accelerate the turnover of output in the economy.

Such an important part of stocks as incomplete production, which accounts for about one-quarter of all the working capital in reserves of commodity stocks, as well as output in the process of shipment, remains outside the field of vision in planning stocks. All this confirms the need to follow an active structural policy under which all components of total stocks should be considered and planned as part of the whole.

/The question of developing a special-purpose national economic program for forming a rational composition and level of material stocks which encompasses all sectors and spheres of the economy has become acute./ Along with indicators of the level and composition of stocks, this program should include a complex of measures to insure their achievement (economic levers, capital investments in the storage system, and so on). At the same time it seems expedient to include indicators which characterize the amount of aggregate stocks, their distribution in sectorial and territorial profiles, and the planned economic composition -- production stocks with consumers, stocks in incomplete production, finished output, and commodity stocks in circulation -- in annual and future state plans of economic and social development. The question of the authority of stock norms is becoming more and more acute. It is no secret that some managers have stopped giving serious attention to setting stock norms. In their opinion, there is no reason to conduct complicated and rather labor intensive (even using computers) estimates of normative amounts of stocks in accordance with the established procedures and with the involvement of planning and technological organizations if organs which distribute the material resources really do not consider these estimates and are guided only by their own opportunities. Instead of differentiating the norms of stocks established by USSR Gosplan and USSR Gosstrib according to the points planned by them, many ministries mechanically "send down" these indicators to enterprises, following the everyday rule of "something for everyone."

If we want to put the movement of stocks on a really scientific basis, care must be taken in restoring respect for stock norms as an important element of the system of economic standards. This means that along with increasing demands on the primary links of production management in making precise estimates of the amounts of stocks, high-ranking organizations are obliged to be strictly guided by these norms when distributing material resources and planning working capital. Stock norms must in fact become the same compulsory indicators for everyone, like other standards of planning and management of production.

However, one must not forget that stock norms are dynamic amounts. They must be verified at the right time depending on changes in the materials intensiveness of production and its composition, conditions of supply and sale, the length of the production cycle, and a number of other factors. The mobility of stock norms being planned is an important prerequisite of their efficiency and active use in the process of economic management.

The efficiency of forming stocks and regulating their level depends directly on the promptness, completeness, and reliability of records of material stocks. However, the state of affairs in this area needs to be substantially improved. This is explained not merely by inadequate efficiency in gathering,

generalizing, and transmitting information. The range of output covered by the records of all-state statistical organs is very narrow. According to existing data, current on-going recordkeeping and inventories conducted annually cover no more than 10 percent of the value of material stocks in reserves. Nonetheless, it should be noted that by the list covered by statistical reporting, stocks as a rule increase more slowly than the rest of aggregate stocks.

Of course, there is no need or opportunity to take data on stocks for each particular type of output to the center from each enterprise and organization (although some economists stubbornly defend this idea). The active posture of the main production links must not be replaced by petty overseeing and continual unjustified interference "from above." However, the organs for managing the national economy must have reliable information which enables them to make fundamental decisions in a timely manner. To do this, it is completely adequate to set up a precise system of random sampling of the main part of deliveries and consumption for the corresponding groups of output. Such an approach would vastly expand the opportunity to both define the real condition of material stocks in the economy and to actively influence their dynamics.

Speaking of the problems of evaluating the condition of stocks, the numerous (though by no means always documented) cases of disparity between the actual existence of material stocks and records of them must not be passed over in silence. These cases confirm that real stocks are sometimes less than the amounts which records show. The balances of associations, enterprises, and organizations are frequently "polluted" by information on nonexistent remnants of raw and processed materials, semimanufactures, items, and fuel. The reasons for such phenomena are varied: entering unweighed or uncounted material stocks as receipts; unmonitored distribution of output from storage facilities to work places; abnormal conditions for storing output (especially fuel, cement, and wood and chemical materials), and the like. And the reason that this "vacuum" continues to figure in recordkeeping is most often, perhaps, the desire not to write off losses against prime cost of output and work so as not to spoil the indicators of economic activity. As a result of all this, a false picture of the level of stocks in the national economy is created.

It seems that the balances of associations and enterprises should be cleared of nonexistent stocks which accumulate over many years. This can be accomplished through the organized "purging" of balances with repayment of written-off sums out of above-plan profits or other sources specially allocated for these purposes.

Monitoring of the condition of stocks occupies an important place in the system of planning and regulating stocks. To do this, reliable criteria expressed in concrete, graphic indicators which at any level of management allow a precise picture of the correlation of existing stocks to their rational planned amount are needed. However, the indicators used for these purposes today fail to give an objective evaluation of the real state of affairs.

Not to mention the excessive amount of these indicators, each of them is constructed on a different methodological basis, and the evaluations obtained frequently contradict each other. Thus, for example, the amount of above-norm uncredited balance of material stocks accepted by banking establishments as the indicator of above-plan stocks as a rule is substantially lower than the sums of above-norm stocks determined by excluding the amount of the established norm of stocks (in monetary form) from the actual balances.

In our opinion, organs which distribute material resources approach evaluating above-plan stocks more strictly than credit establishments; it may be said that each of them has "its own standpoint," so enterprises are thereby given the opportunity to choose the lesser of two evils.

It is finally time to introduce complete certainty into this question and monitor stocks, proceeding from a comparison of their actual level with the norms established in physical units of measurement and in monetary form. This approach will enable all links of national economic management to unambiguously evaluate the real condition of stocks and will exclude the arbitrary division of indicators into "advantageous" and "not advantageous."

Among the causes of the high level of production stocks is the imbalance of calendar schedules for deliveries of raw and processed materials and the like. The intervals of time between deliveries are as a rule maximal, the rhythm of deliveries is not regulated, and consumers are forced to orient themselves to bad conditions. Significantly, even with direct long-term ties, suppliers often refuse to envision calendar schedules and batches of output deliveries in contracts concluded, making various excuses, including the work of transport organizations.

Protecting the interests of consumers in this matter means accelerating the turnover rate of stocks and using material resources more effectively. However, the USSR State Arbitration Commission and its local organs very rarely stand up for consumers in disputes on schedules for deliveries within the month. It seems that the USSR State Arbitration Commission should act more energetically on this question and, in particular, compel suppliers to accept conditions offered by large consumers.

However, the suppliers themselves must also create conditions to help meet the precise schedules for shipping output. Their proportion of stocks of finished output should be increased; this will make it possible to break the strong dependence of fulfillment of contract obligations exclusively on schedules and batches of output produced. Wholesale prices for output should be differentiated within the limits of the established level: for deliveries of large batches -- a discount in price, and for deliveries of small batches and those on calendar schedules -- an increase in price. At the same time it seems necessary to introduce in economic practice the system of concluding contracts with transport organizations which envision precise schedules for delivering freight and accountability for their violation. This would make it possible to put the entire process of the movement of output from its manufacturers to recipients on a cost-accounting basis.

Speaking of the causes of the rapid growth rate of stocks as compared to production, shortcomings in the activities of material-technical supply organs must not be silently passed over. Under the present system for distributing material resources, where those holding the allocations (that is, managers) for the main list of output are ministries and departments, supply and marketing organizations of the USSR Gosplan system sometimes take a passive position in supervising deliveries and regularizing stocks. Concerned about realizing funds, they are rarely interested in the condition of stocks, especially their changes in connection with the dynamics of the volumes and assortment structure of production. A more active and constructive approach to this problem on the part of the USSR Gosplan organs is urgently needed in order to prevent the formation of above-norm and excessive stocks at enterprises and organizations.

The need for measures to regulate the supply of material resources in precise accordance with fulfillment of plan assignments on production can be confirmed by numerous examples. Let us cite only one of them: in 1984 production assignments for the Elektrostal'yazhmash Production Association were repeatedly lowered, while the volumes of allocated material resources remained unchanged. As a result, above-norm stocks rose at the association; these stocks totaled 1,500 tons for rolled ferrous metal products alone.

/Activating the role of territorial supply organs in local monitoring of the condition of stocks and maneuvering them is an important task. Of course, many consumers have accumulated substantial quantities of output they do not need. But the present system for realizing this output does not promote the efficient resolution of questions which arise./ Priority is given to departmental redistribution, although the regional approach, in our opinion, is undoubtedly more efficient. And it must be borne in mind that the function of monitoring rational use of material resources has been given to territorial organs of the all-state supply system.

In our opinion, the paramount task of territorial supply organs in this area today is normalizing and clearing excessive output from stocks. It is impossible not to see that keeping unneeded materials, semimanufactures, and items means direct damage to our economy. After all, storing stocks for a year costs up to 10 percent of their value, and 750 to 1,000 rubles worth of fixed capital is needed per 1,000 rubles of stored output. Consequently, the existence of only 1 billion rubles of so-called non-liquid items costs the economy at least 150 million rubles a year.

In this connection, we should review the question of expanding the rights and obligations of territorial organs of USSR Gosplan in identifying and redistributing output in their operating regions which is not needed by those who possess it (regardless of the system for distributing it) and in organizing middleman activity to sell this output to any consumers located in this region on the initiative of the enterprises. However, when necessary a compulsory discount on non-liquid items should be given because they are out of date or have lost some of their qualitative features.

Economic life demands that the system of exchange between enterprises which have superfluous material resources be improved. This matter should be put on

firm organizational-economic and legal bases, and territorial supply organs cannot play the role of passive recorders of the situation. /The experience of the Kazakh SSR Gosstab should be utilized more extensively; it set up a special operational services office to carry out exchange transactions quickly./ Territorial supply organs must be given economic incentive to expand this work which makes it possible to substantially improve the use of existing material resources and accelerate their turnover.

These and other measures, along with improving the distribution of material resources on the basis of developing wholesale trade, can substantially improve conditions for forming a rational level and composition of stocks. But it is important that the main links of production management themselves have economic incentive to do this. The question of including an indicator of the level of stocks-intensiveness of production (differentiated by sectors) as the relationship of total reserves of commodity stocks to the volume of production in cost terms should be discussed. Associations and enterprises will be able to evaluate the lack of correspondence of the actual condition of stocks to this norm by the results of their economic activity either through the increase in the actual prime cost of the output produced and the jobs done or through reducing that part of the profits which goes to form the economic incentive fund. This solution could become a real element of the cost-cutting mechanism in the main link of production management.

The conversion of enterprise supply offices to internal cost accounting and its establishment as one of the main indicators of the level of stocks could play a quite important role in this. It would be advisable for ministries and departments to strengthen their supply offices, increasing their influence on all aspects of production activity, including the formation and regulation of stocks.

The passive attitude of plant supply workers to questions of resource conservation, including in the area of forming stocks, is still encountered in some places and definitely must be overcome. This applies not only to raw and processed materials but also to assembly components, the proportion of which in material expenditures and stocks frequently increases. For example, it is precisely assembly components which predominate in above-norm stocks at the Lyubertsy Plant imeni Ukhtomskiy (Ministry of Tractor and Agricultural Machine Building). At one time the plant ordered 800,000 rubles worth of reinforced hose for the hydraulic system. Then the plan assortment list changed, but the plant did not refuse the order in time and the hose continued to arrive. The plant got into a difficult financial position: the rayon did not need this kind of hose and their stocks put a heavy burden on the enterprise.

/In this way, the problem of accelerating national economic turnover of production-technical output can be solved by creating an efficient mechanism which would insure the uniformity of actions of all links of the economy in achieving the common goal: delivering output of the needed assortment and high quality -- in time periods which match as best possible the consumption of material resources./

The rational creation and use of reserves of commodity stocks and the fastest possible elimination of shortcomings in this area should be an active factor

in accelerating our development and realizing the economic strategy adopted by the 27th CPSU Congress.

FOOTNOTES

1. "Osnovnyye napravleniya ekonomicheskogo i sotsialnogo razvitiya SSSR na 1986-1990 gody i na period do 2000 goda" [The Basic Directions of the Economic and Social Development of the USSR in 1986-1990 and in the Period Till the Year 2000], Moscow, Politizdat, 1986, p 21.

2. See: the statistical annuals "Narodnoye khozyaystvo SSSR" [The USSR Economy] for 1971-1984.

3. Because of the specifics of the formation and movement of stocks in agriculture, procurement, and trade, they require special study.

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CSO: 1820/197

RESOURCE UTILIZATION AND SUPPLY

DECREES ON SUPPLYING ASSOCIATIONS, ENTERPRISES THROUGH WHOLESALE TRADE NETWORK

Decree 94

Moscow SOBRANIYE POSTANOVLENIY PRAVITELSTVA SOYUZA SOVETSKIKH
SOTSIALISTICHESKIKH RESPUBLIK in Russian No 18, 1986 pp 305-308

[Decree]

[Text] Decrees of USSR Council of Ministers

94. "The Transferring of Associations, Enterprises, and Organizations of Individual Ministries and Departments to Material-Technical Supply by Way of the Wholesale Trade Network"

In conformity with decisions of the 27th CPSU Congress concerning the improvement of the material-technical supply of the national economy, and proceeding from the necessity for the further improvement of the economic mechanism, USSR Council of Ministers decrees:

1. USSR Gosnab, USSR Gosplan, USSR ministries and departments, and the Councils of Ministers of the union republics, beginning on 1 January 1987, are to organize the supplying of material resources by way of the wholesale trade network through the territorial agencies in the USSR Gosnab system:

-- scientific-research, planning, planning-designing, design and technological organizations, and pilot and experimental enterprises, carried on an independent balance sheet, irrespective of the department to which they belong (other than defense branches of industry and the USSR Academy of Sciences system);

-- production and scientific-production associations, enterprises, and organizations of Ministry of Construction, Road, and Municipal Machine Building, USSR Ministry of Health, USSR Ministry of Culture, USSR Gosstroy, USSR State Committee for Cinematography, AUCCTU and DOSAAF, as well as associations, enterprises, and organizations of nonindustrial USSR ministries and departments, to which material resources are allocated directly by USSR Gosnab (according to appendix).

2. The supplying of the consumers indicated in paragraph 1 of this decree with material resources by way of the wholesale trade network for production and repair-and-operational needs (with the exception of individual specific types of raw and other materials and articles according to the list to be approved by USSR Gosplan after coordination with the appropriate ministries and departments, as well as "imennikovoye" and imported equipment and one-of-a-kind instruments) is to be carried out without allocations or limits, on the basis of long-term contracts with the territorial agencies of USSR Gosplan.

3. The USSR ministries and departments and the Councils of Ministers of the union republics are to report to USSR Gosplan concerning the quantity and sources of receipt of the material resources allocated for 1986 to their subordinate associations, enterprises, and organizations which are to be converted, starting in 1987, to supply by way of the wholesale trade.

4. USSR Gosplan and the ministries and departments which have been given the responsibility of distributing the material resources among the capital holders are to stipulate in the draft versions of the plans the allocation, beginning on 1 January 1987, to USSR Gosplan in conformity with its requisitions, the indicated resources as a separate line for wholesale trade.

5. USSR Gosplan is to carry out the placement of the orders for the production of new (not produced in a planned procedure) materials and articles and the delivery of those materials and articles to the associations, enterprises, and organizations that have been converted to supply with material resources by way of wholesale trade, on the basis of specifications that have been coordinated between the customer and the manufacturer.

6. It is established that the associations and enterprises can transfer, on coordinated terms, to scientific-research, planning, planning-and-designing, and design and technological organizations for the fulfillment of the assignments established for those organizations, instruments, materials, semifinished goods, and finished articles from among those received in conformity with the plan for the distribution of material resources.

7. USSR Gosplan is to:

— increase during the 12th Five-Year Plan, as compared with the 1985 level, the number of wholesale-trade enterprises by a factor of no less than 1.3 and the number of stations for the rental of instruments, apparatus, and other technical equipment by a factor of no less than 2.2, as well as increasing the volume of the services rendered by the territorial agencies in the preparation of output for production consumption in conformity with the customers' orders by a factor of no less than 2.5.

The Councils of Ministers of the union and autonomous republics, and the ispolkoms of the kray and oblast Soviets of People's Deputies are to provide for the allocation to the USSR Gosplan agencies of areas for housing wholesale trade enterprises and technical equipment rental stations;

-- raise the work level of the territorial agencies and the soyuzglavsnabsbyts under USSR Gosplan in studying the needs for material resources at the

associations, enterprises, and organizations which have been converted to supply by way of wholesale trade, and to create at the subordinate enterprises responsible for deliveries, reserves of output in the necessary quantity and variety for purposes of guaranteeing the even and stable supplying of the indicated customers;

-- guarantee the timely involvement in economic circulation of the material resources released by the associations, enterprises, and organizations in the course of their fulfillment of the established plans.

8. By way of an exception, to authorize USSR Gosnab to channel in 1986-1990 into the financing of the construction and technical equipping of wholesale-trade enterprises and technical equipment rental stations part of the profit from supply activity, in the amount of 0.1 percent of the warehouse commodity turnover (without increasing the size of the markups to be levied) and to use for those purposes the reserves of material resources that exist at the subordinate enterprises responsible for deliveries of output (without changing the plans for delivering output to the customers on the basis of the allocations made).

9. To organize under USSR Gosnab the Main Administration of Supplying Customers with Material Resources by Way of Wholesale Trade (Soyuzglavsnabtor) on a cost-accountability basis.

10. To approve the recommendation of RSFSR Council of Ministers to convert, starting in 1987, the entities being supplied by RSFSR Gosnab -- scientific-research, planning, planning-and-designing, design and technological organizations, pilot and experimental enterprises carried on an independent balance sheet, and production associations, enterprises, and organizations of nonindustrial RSFSR ministries and departments -- to supply with material resources by way of the wholesale trade network through organizations of RSFSR Gosnab.

11. The USSR ministries and departments and the Councils of Ministers of the union republics, the associations, enterprises, and enterprises of which are converted to supply by way of the wholesale trade network, are to guarantee the economical expenditure by them and the use of the received output strictly for the purposes specified, the reduction of losses in production and in storage, as well as the expanded use of secondary resources.

The managers of the indicated associations, enterprises, and organizations are to increase the level of substantiation of the orders for the delivery of output and are to prevent the formation of reserves of commodity-material assets that are in excess of norms or are otherwise excessive, as well as the formation of above-plan balances of uninstalled equipment.

12. To establish that the associations, enterprises, and organizations that receive material resources by way of the wholesale trade network do not have the right to transfer them to other consumers without the authorization of the appropriate supply organization, except for the instances stipulated by the legislation that is in effect.

13. To deem to be no longer effective paragraphs 5 and 6 of point 6 in the 28 April 1969 USSR Council of Ministers Decree, No. 309, entitled "Measures for the Further Improvement of the Material-Technical Supply of the National Economy" (SP SSSR [Collection of Decrees of the USSR Government], No 12, 1969, Article 66).

14. USSR Gossnab is to:

— approve within a three-month period, after coordination with USSR Gosplan, the statute governing wholesale trade in output intended for technical-production purposes;

— submit to USSR Council of Ministers prior to 1 March 1988 a report on the experience of the work in providing the associations, enterprises, and organizations with material resources by way of the wholesale trade network, with its recommendations for the further development of that form of material-technical supply.

Chairman of USSR Council of Ministers
N. Ryzhkov

USSR Council of Ministers Administrator
M. Smirtyukov

Moscow, Kremlin, 27 March 1986, No. 398

Appendix to 27 March 1986 USSR Council of Ministers Decree No. 398

List of USSR Ministries and Departments and Central USSR Institutions, the Associations, Enterprises, and Organizations of Which Are to Be Converted to Supply By Way of the Wholesale Trade Network Through the Territorial Agencies of USSR Gossnab

USSR Minvuz [Ministry of Higher and Secondary Specialized Education]
USSR Minfin [Ministry of Finance]
USSR Minpros [Ministry of Education]
USSR Minyust [Ministry of Justice]
USSR TsSU [Central Statistics Administration]
Minvneshtorg [Ministry of Foreign Trade]
Gosgrazhdanstroy [State Committee for Civil Construction and Architecture]
USSR Gosprofobr [State Committee for Vocational and Technical Education]
GUGK [Main Administration of Geodesy and Cartography]
Goskomgidromet [State Committee for Hydrometeorology and Environmental Control]
USSR Goskominturist [State Committee for Foreign Tourism]
GKNT [State Committee for Science and Technology]
VDNKh SSR [Exhibition of the Achievements of the USSR National Economy]
USSR Goskomtsen [State Committee on Prices]

Decree 140

Moscow SOBRANIYE POSTANOVLENIY PRAVITELSTVA SOYUZA SOVETSKIKH
SOTSIALISTICHESKIKH RESPUBLIK in Russian No 25, 1986 pp 435-439

[Decree]

[Text] Decree of the CPSU Central Committee and the USSR Council of Ministers

140. "Increasing the Responsibility of Associations, Enterprises and Organizations for Fulfilling Contracts Dealing With the Delivery of Output and Commodities"

The USSR Central Committee and USSR Council of Ministers note that recently there has been somewhat of an improvement in the state of affairs with regard to the observance of shipments of output on the basis of contracts and pledges. This has been promoted by the more precise organization of production and labor, the reinforcement of planning and labor discipline, the broad introduction of new economic methods of management in various branches, and the increase in the responsibility of the labor collectives for manufacturing output of high quality within the established deadlines.

At the same time the condition of the work to fulfill the assignments and pledges dealing with deliveries of output and commodities in conformity with the concluded contracts in the national economy does not yet conform to the requirements of the 27th CPSU Congress. More than 20 percent of the associations and enterprises in industry at the present time are not fulfilling their contractual obligations to the consumers. In 1985 and the first quarter of 1986 the output undershipped on concluded contracts and the production orders of foreign trade organizations had a total value of more than 15 billion rubles. All this has had a detrimental effect on the work of many enterprises and branches.

The situation that has developed for concluding shipment contracts and the organizing of their fulfillment has serious shortcomings. The established deadlines for the planning of the production and distribution of the material resources do not guarantee the steady operation of the enterprises. The existing economic mechanism in the branches also fails to conform completely to the requirements of the prompt fulfillment of the consumers' production orders.

On the part of the USSR ministries and departments, individual CP Central Committees, and Soviets of Ministers of union republics, the proper steps are not being taken to monitor the fulfillment by the enterprises of their contractual obligations, and there has been no well-principled evaluation of the work performed by their managers.

For purposes of the further increase in the responsibility borne by the ministries, departments, and production, supply-and-sales, and trade associations, enterprises, and organizations for the nonfulfillment of the assignments and pledges for deliveries of output intended for technical-production purposes and of consumer goods in conformity with the concluded

contracts, the CPSU Central Committee and the USSR Council of Ministers decree:

1. To deem it to be a very important task of the economic, party, and Soviet agencies to guarantee the precise fulfillment of the assignments and pledges for deliveries of output by all labor collectives.

To introduce, effective 1 January 1987, as the basic criterion for evaluating the results of the economic activity of the associations, enterprises, and organizations, the 100-percent fulfillment of the assignments and pledges for deliveries of output intended for technical-production purposes and consumer goods in conformity with the concluded contracts.

The USSR ministries and departments and the Councils of Ministers of the union republics are to intensify the effect of economic quotas and other elements of the economic mechanism upon increasing the self-interestedness and responsibility of the labor collectives at the enterprises for the unconditional fulfillment of the contractual obligations.

2. For purposes of guaranteeing the fulfillment of the assigned task, to introduce the following procedure for the planning of production and its material-technical support:

-- USSR Gosplan is to make known to the USSR ministries and departments and the Councils of Ministers of the union republics, prior to 10 August in the year preceding the year being planned, the assignments for the production of output, expressed in physical terms, and prior to 1 September the allocations for the material resources for a broad products list;

-- USSR Gossnab, the USSR ministries and departments, and the Councils of Ministers of the union republic which are carrying out the redistribution of output on the basis of the products list assigned to them, are to make known to the capital holders, no later than 1 September of the year preceding the year being planned, the allocations for the material resources to be distributed by them;

-- the USSR unionwide ministries and departments are to make known to their subordinate associations, enterprises, and organizations the assignments for the production of output and the allocations for material resources within a 20-day period, and the USSR union-republic ministries and departments and the Councils of Ministers of the union republics, within a 30-day period after receiving the corresponding assignments and allocations and is to report that fact within the same deadlines to the material-technical supply organizations that are carrying out the assignment of consumers to suppliers;

-- the associations, enterprises, and organizations, proceeding from the established assignments, are to guarantee the conclusion of contracts with suppliers and consumers prior to the beginning of the year being planned, and to assure the prompt organizing of the preparation of production as coordinated with material-technical support. They are to reinforce intraplant cost accountability, and to increase the responsibility borne by the labor collectives in the shops, sectors, departments, and other structural

subdivisions for the steady production of output and its delivery in conformity with the concluded contracts. They are to make broader application of various forms of psychological and material incentives for the workers and collectives that achieve high results in this matter.

The USSR ministries and departments that produce consumer goods, USSR Gosagroprom, and the Councils of Ministers of the union republics report to the trade agencies and to USSR Gosplan by 1 April their recommendations for selling at wholesale fairs the commodities on the products list for the annual plan, proceeding from trade-network requisitions submitted to them prior to 1 February of the year preceding the year being planned, and the overall volume of production of consumer goods in retail prices, which volume has been stipulated in the five-year plan for the corresponding year.

3. USSR Gossnab, with the participation of the interested ministries and departments, is to carry out measures to increase the organization of shipments of output. During 1986-1988 it is to guarantee the changeover to the supplying of the consumers with output in a quantity less than the railroad-car or container standards through enterprises of the USSR Gossnab system for the consumers' location.

4. USSR ministries and departments, the Councils of Ministers of the union republics, and the associations, enterprises, and organizations are to devote special attention to the existing instances of failure to observe the established rules for concluding shipment contracts.

To establish that, in the event that the suppliers refuse to conclude contracts for the delivery of output and commodities in the quantity stipulated by the planning documents that have been issued in accordance with the established procedure, the output and commodities for the delivery of which the contracts have not been concluded are reflected in the reports on the fulfillment of delivery assignments and pledges as being undershipped.

5. For purposes of reinforcing state planning and contract discipline and guaranteeing the further development of the principles of socialist management, there will be an increase in the responsibility borne by the associations, enterprises, and organizations for fulfilling assignments and pledges, for which:

-- the suppliers are to be required to enumerate for the purchasers no later than the established deadline the forfeit for failing to meet the deadline or for the undershipment of output and commodities. In the event that the suppliers refuse to make prompt payment of the forfeit due, that forfeit is levied in the amount of 1.5 times the original amount;

-- a nonacceptance procedure is to be establish for levying sanctions for nonfulfillment by energy, water, and gas supply organizations of the assignments and pledges for supplying the consumers with electric and thermal energy, water, and gas. This penalty is levied within six months of the day that the demand right arises;

-- there is to be an increase to two months in the period stipulated by legislation for levying in a nonacceptance procedure from the supplier a penalty and the excessively paid sums in the event of delivery of inferior or incomplete output (commodities). The purchaser is to be granted the right to apply within the indicated procedure and within the same time period the other sanctions for the improper fulfillment of the pledges pertaining to quality and completeness of shipment.

For the unsubstantiated nonacceptance writing off of funds from the account, the guilty party, in addition to returning the written-off amount, is to pay the other party 10 percent of that amount.

6. To extend to the associations, enterprises, and organizations of all branches in the national economy the new mechanism that has proven its worth in practice -- the mechanism of providing economic incentives for fulfilling planning assignments and contractual pledges, by establishing that:

-- the absolute size of the deductions to be paid into the material incentives fund increases (decreases) depending upon the fulfillment of the assignments and pledges for the deliveries of output and commodities in conformity with the concluded contracts and production orders from foreign-trade organizations. The material incentive fund is also to be increased by 15 percent in the event of the complete fulfillment of the delivery assignments and pledges and to be decreased by 3 percent for each percentage of nonfulfillment of those assignments and pledges;

-- the material incentive fund is to be decreased by the amount of the sanctions levied on the associations, enterprises, and organizations for nonfulfillment of the delivery pledges, but by no more than 20 percent of the planned size of that fund.

7. To direct the attention of the ministry and department managers and the directors of associations, enterprises, and organizations to the inadmissibility of the tardy settlements with the suppliers for the delivered output. USSR Gosbank and USSR Stroybank are to intensify the monitoring of the condition of the settlements in the national economy and are to apply effective measures to the enterprises that regularly fail to observe payment discipline.

To deem it necessary to double the size of the fine for tardy payment for delivered output, and to apply the amount of that fine to the material incentive fund of the purchaser enterprises.

8. To establish that, beginning on 1 January 1987, bonuses for fulfilling the plan for volume of sale of output are to be paid to managerial workers of associations, enterprises, and organizations only if there is 100-percent fulfillment of the assignments and pledges for shipments of output and commodities in conformity with the concluded contracts and production orders of foreign-trade organizations. To take into consideration the fulfillment of shipment assignments and pledges when paying bonuses to those workers also for other results of economic activity.

9. USSR ministries and departments, the Councils of Ministers of the union republics, and the associations, enterprises, and organizations are to make changes in the approved statutes governing the questions of economic activity as a result of the increase in the responsibility borne by the managerial and engineer-technical workers and the labor collectives as a whole for the fulfillment of the delivery plan.

USSR Ministry of Justice is to prepare, with the participation of the interested USSR ministries and departments, and to submit within a one-month period to USSR Council of Ministers its recommendations concerning the introduction into the currently effective legislation of the changes evolving from this decree.

10. The party, economic, Soviet, and trade-union agencies are to intensify the mass-organizational work for the unconditional fulfillment of the contractual obligations by every association and enterprises as the basis for guaranteeing the continuous operation of all the labor collectives.

Secretary of USSR Central Committee
M. Gorbachev

Chairman of USSR Council of Ministers
N. Ryzhkov

Moscow, Kremlin, 5 June 1986, No. 672

Decree 141

Moscow SOBRANIYE POSTANOVLENIY PRAVITELSTVA SOYUZA SOVETSKIKH
SOTSIALISTICHESKIKH RESPUBLIK in Russian No 18, 1986 pp 440-444

[Decree]

[Text] Decrees of the USSR Council of Ministers.

141. "Confirmation of the Statute Governing the State Acceptance of Output at Associations and Enterprises"

The USSR Council of Ministers decrees:

To confirm the appended Statute Governing the State Acceptance of Output at Associations and Enterprises.

Chairman of USSR Council of Ministers
N. Ryzhkov

USSR Council of Ministers Administrator
M. Smirtyukov

Moscow, Kremlin, 12 May 1986, No. 542.

Approved by USSR Council of Ministers
decree dated 12 May 1986, No. 542

Statute Governing the State Acceptance of Output at Associations and Enterprises

I. General principles

1. This Statute extends to associations and enterprises (hereinunder referred to as "enterprises") at which agencies of the State Acceptance of Output (hereinunder referred to as "State Acceptance") have been created. The Statute defines the basic rights and duties of State Acceptance at enterprises and the interrelationships among the State Acceptance managers and the enterprise managers and establishes the duties of the enterprise managers for creating the proper conditions to guarantee the normal functioning of the State Acceptance agencies.

2. State Acceptance carries out its activity in conformity with the laws and other decisions of the USSR Supreme Soviet and its Presidium, USSR Council of Minister decrees and regulations, other normative acts, and this Statute.

3. State Acceptance agencies at enterprises are subordinate to the USSR State Committee for Standards and are maintained at the expense of the estimate for that Committee.

II. Organization of the Work of State Acceptance

4. State Acceptance carries out:

— the quality control and acceptance of output at any stage of manufacture, the verification of its conformity to the requirements of the standards and specifications, to the approved models (standards), the planning-and-designing and technological documentation, and to the shipment and contract terms (hereinunder referred to as "established requirements");

— random verification, dismantling, and testing, if necessary, of individual assemblies, units, and articles. The control volumes and the list of articles to be verified are defined by the State Acceptance manager after coordination with the enterprise manager;

— the final acceptance of the finished output, completely provided with any components, in conformity with the established requirements.

5. State Acceptance is required:

a) to carry out quality control in manufacturer, the observance of the technological processes, and the carrying out of tests on the units, assemblies, and articles, and also to assure that the quality of the incoming components, semifinished goods, and raw and other materials to be used to manufacture the output corresponds to the established requirements;

b) to carry out control over the prompt introduction and observance of the standards and specifications, the technical condition, and prompt carrying out of checks of the measurement-control instruments, equipment, devices, attachments, and test equipment to be used during the acceptance of tests of the output;

c) to carry out control over the fulfillment by the enterprise of the decisions of the USSR Government and other competent agencies with regard to questions of improving the quality, reliability, and between-repair service life of the output to be produced;

d) to analyze, jointly with the enterprise manager, the complaints concerning output which come in from the consumers, in order to study the nature of the defects and to take steps to eliminate them both in the output that is in the production stage and in that which is in the consumers' possession; to take part in preparing claims for inferior output or output lacking components which is received from suppliers;

e) to carry out control over the implementation of measures aimed at improving the quality of the output;

f) to take part in state certification of output;

g) to participate in the conducting of periodical, standard, and other tests of the output with the purpose of verifying its quality and reliability and to give findings on the test results;

h) to carry out control over the quality of the technical documentation for the output to be employed and periodically to verify the condition of the original documents;

i) to report to the manufacturer ministry or department, and also to USSR State Committee for Standards, concerning instances when conditions are being created at enterprises that might lead to the production of inferior output, and the measures being taken by the enterprise manager to eliminate the detected shortcomings have been ineffective.

6. The State Acceptance manager refuses output, and when necessary stops its shipment:

a) if the manufactured output fails to conform to the established requirements;

b) if the tests of the output have proved to be negative;

c) if there has been repeated failure to observe the technological process of production that was stipulated by the established requirements;

d) if, in the process of operating the output, defects that can lead to an accident (going out of commission) are detected, and if those defects also exist in the output that is in the production stage.

Acceptance of output is reinstated after the carrying out of measures which have been coordinated with State Acceptance to eliminate the shortcomings that have been revealed.

The State Acceptance manager bears personal responsibility for the unsubstantiated delay in acceptance of output.

7. Output that has not been accepted by State Acceptance cannot be shipped from the enterprise.

8. The procedure for carrying out the state acceptance of output is established by the USSR State Committee for Standards.

III. Interrelations between State Acceptance and enterprise

9. The existence of State Acceptance does not remove from the enterprise manager his responsibility for guaranteeing the proper quality in the output being produced.

10. The output being presented to State Acceptance must be accepted by the enterprise's technical control service and must correspond to the established requirements.

11. The enterprise manager is required:

a) to present the output promptly for acceptance;

b) to take steps promptly to eliminate any shortcomings and defects in the output that have been revealed by State Acceptance during manufacture, tests, control, and acceptance, and also of any detected by the consumers in the process of operation, paying special attention to the taking of urgent steps to eliminate unfavorable comments concerning the output being operated;

c) to take steps for the even presentation of output for acceptance;

d) to submit to State Acceptance all the materials and technical documentation that pertain to its activity;

e) to guarantee the intactness, proper technical condition, and prompt carrying out of the established technical maintenance of the output that has been accepted for responsible storage, and the observance of rules for the mothballing, packing, and storage of the output.

12. The officials carrying out the state acceptance of output bear the responsibility established by legislation for the nonfulfillment of the duties entrusted to them and for the incorrect use of the rights granted to them.

13. In order to create normal working conditions for State Acceptance, the enterprise manager provides it with:

- a) measurement-control instruments, equipment, devices, attachments, and test apparatus;
- b) production personnel for carrying out the tests and operations involved in the acceptance of output;
- c) equipped official areas, the necessary means of communication and transportation, office equipment and materials, and office-management services;
- d) housing and all types of social-personal and medical services on a par with the workers at the particular enterprise;
- e) the necessary scientific-technical information and literature.

14. State Acceptance officials do not have the right to interfere in the official activities of the enterprise management, nor does the enterprise management have the right to interfere in the official activities of State Acceptance.

15. State Acceptance workers, in the established procedure, are provided access to the enterprise, to operations and documents, and also with passes to the official and production areas.

State Acceptance organizes its work with a consideration of the rules that govern internal labor procedures, as established at the enterprise.

16. The wages and material incentives for State Acceptance workers are paid by USSR State Committee for Standards.

17. State Acceptance officials who have suggested inventions and efficiency improvement measures that have been accepted for use are given awards only after coordination with USSR State Committee for Standards.

The payment by enterprises and ministries (departments) to State Acceptance officials of any other awards in money or in kind is prohibited.

18. Discrepancies arising between the enterprise and State Acceptance with regard to questions linked with the evaluation of the output quality, and also to other questions involving the activity of State Acceptance are resolved by USSR State Committee for Standards jointly with the appropriate ministry (department).

19. State Acceptance managers organize, jointly with the enterprise managers, the regular informing of the labor collectives concerning the state of affairs with regard to the quality of the output being produced, and render active assistance to the management and to the party, trade-union, and Komsomol organizations of the enterprises in the work being carried out in the collectives to reinforce technological discipline, increase the responsibility for the results of the operations being fulfilled, and propagandize the experience of the leading enterprises, collectives, and workers in guaranteeing high quality of output.

REGIONAL DEVELOPMENT

GOSPLAN EXPERT FAULTS DELAYS, PROJECTS EAST SIBERIAN DEVELOPMENT

Moscow PLANOVOYE KHOZYAYSTVO in Russian No 5, May 86 pp 96-101

[Article by A. Mukoyed, USSR Gosplan authority for the Eastern Siberian Economic Region: "Prospects for the Development of Productive Forces of the Eastern Siberian Economic Region"]

[Text] Inexpensive coal and hydroelectric energy and, in the near future, also petroleum and gas, mineral raw material and timber resources comprise the production potential of Eastern Siberia, on the basis of which it is planned to accelerate the development of the electric energy, fuel and mining industries and to create a complex of energy-intensive productions (metallurgical, chemical and timber processing).

The Eastern Siberian economic region is one of the largest regions in the country with developed industry. Regarding the development of the country's productive forces in the future, Chairman of the USSR Council of Ministers N. I. Ryzhkov said at the 27th CPSU Congress: "Special attention should be devoted to comprehensive development of the economy of Siberia and the Far East, the assimilation of their natural resources and the provision of transportation approaches to them."¹

Eastern Siberia accounts for more than half of the union geological supplies of coal, one-third of the timber and economically effective hydroelectric energy resources of the country, and a considerable proportion of the unionwide supplies of nonferrous metals, iron ore, various kinds of raw material for the chemical industry and the production of construction materials, and supplies of petroleum and gas. In the southern regions of Eastern Siberia there are sufficiently favorable conditions for intensive and stable development of agricultural production.

The main natural resources of the economic region are its fuel and energy resources.

Inexpensive coal from the Kansk-Achinsk coal basin and the highly effective hydroelectric energy resources of the Yenisey and Angara create conditions for highly effective production of electric and thermal energy and, on the basis

of these, the creation of a large complex of energy-intensive productions (pulp, cardboard, paper, viscous fiber and so forth).

On the basis of coal from the Kansk-Achinsk basin, where it is extracted by the open pit method (using the latest highly productive stripping and quarrying complexes) they are creating the Kansk-Achinsk Fuel and Energy Complex (KATEK) which will include powerful GRES's, coal beds and enterprises for deep processing of coal. On the Yenisey and its tributaries in the foreseeable future it will be possible to create new, highly effective hydroelectric centers.

The national economy could obtain inexpensive electric energy and billions of rubles in profit each year if the energy program for Eastern Siberia were realized, taking into account the fact that as compared to the average union level the production cost is lower as follows: for each kilowatt hour of electric energy from burning Kansk-Achinsk Coal--one-third; each kilowatt hour of electric energy obtained at hydroelectric power stations of the Angaro-Yenisey Cascade--one-10th to one-12th; and tons of Kansk-Achinsk Coal translated into conventional fuel--one-third to two-sevenths.

Research and calculations conducted by scientific research institutes of the USSR Academy of Sciences, the USSR Ministry of Power and Electrification, the USSR Ministry of the Coal Industry and the USSR Ministry of the Petrochemical Industry confirm the possibility of obtaining enriched transportable solid fuel and raw material for the chemical industry from inexpensive Kansk-Achinsk coals through deep energy-chemical and technological processing of liquid motor fuel.

At the same time it is necessary to step up prospecting work and increase the growth of supplies and petroleum and gas in Eastern Siberia. The task of bringing Eastern Siberian coals and hydraulic energy resources into national economic circulation as quickly as possible, and then petroleum and gas which make it possible to provide for further electrification of branches of production in daily life, to increase their energy availability and to raise labor productivity constitute an important part of the program for accelerating scientific and technical progress and intensifying the national economy.

Eastern Siberia is a large supplier of aluminum, which is produced on the basis of inexpensive electric energy both from imported and local raw material. Having immense supplies of timber, fresh water, rock and potassium salts, with accelerated development of the fuel and energy complex the economic region can become a basic producer of inexpensive products of the timber processing and chemical industry, having doubled or tripled its output by the year 2000.

Eastern Siberia also has deposits of nonferrous, valuable and rare metals.

Material-technical, financial and labor resources are being directed to priority development of electric energy, the fuel industry, energy-intensive metallurgy, the chemical and timber processing industries and individual kinds of mining industry in the region. But the favorable possibilities of the

Eastern Siberian economic region are not being sufficiently utilized yet. The Kansk-Achinsk Fuel and Energy Complex is slow in being formed. The USSR Ministry of Power and Electrification and the USSR Ministry of the Coal Industry have not provided for priority development of bases of the construction industry and the construction materials industry which are necessary for increasing the capacities of construction organizations and providing for more rapid construction of housing and facilities for social, cultural and domestic purposes in the KATEK zone. As a result they are not meeting the deadlines for the construction and introduction of capacities at the Berezovskaya GRES No 1, the Berezovskiy-1 and Borodinskiy-2 coal mines or the new sections of the Nazarov coal beds. Technical renovation and reconstruction of thermal electric power stations are being carried out slowly in Irkutsk Oblast, deadlines have not been met for starting up capacities at the Gusinozerskiy GRES in the Buryat ASSR and the Kharanorskaya GRES in Chita Oblast, the electric network for the economic region is lagging behind, and the construction of experimental industrial installations for developing industrial technologies for large-scale in-depth processing of Kansk-Achinsk coal is being carried out sluggishly.

There is also some concern about the state of affairs in hydraulic engineering in Eastern Siberia. At the June (1985) Conference of the CPSU Central Committee regarding questions of scientific and technical progress, in his report M. S. Gorbachev criticized the lengthy time periods for constructing the Sayano-Shushenskaya GES. Every large hydroelectric power station is not only a source of expensive electric energy for the country, but also a powerful factor in forming the region. A clear example of this is provided by the Bratskaya and Ust-Ilimskaya GES's on the Angara in Irkutsk Oblast and the hydroelectric power station on the Volga. At the present time, large, highly effective hydroelectric power stations should be regularly under construction in Eastern Siberia.

But it was in Krasnoyarsk Kray that the first large hydroelectric power stations--the Krasnoyarskaya and Sayano-Shushenskaya--became "overdue projects," primarily because of the unsatisfactory financing of these in the initial stage which was drawn out over many years, and the underestimation by the USSR Ministry of Power and Electrification of the question of creating reliable bases of the construction industry for constructing hydroelectric power stations. Thus the majority of objects of the production base of Krasnoyarskgesstroy during the construction of the Krasnoyarskaya GES were planned on a temporary basis and did not envision even the construction of a plant for large-panel housing construction. And the Krasnoyarskgesstroy base will be augmented insignificantly even after the creation of the Sayano-Shushenskaya GES.

Now hydraulic construction workers of the kray are placing all their hopes in the fastest possible creation of a regional base for the construction of the cascade of the Yeniseyskaya GES's so that they will be fully prepared to begin the construction of the Sredneneniseyskaya GES. But as of today the work for creating the base is still in the most initial stage, although it has long been time for the construction workers of the Sayano-Shushenskaya GES to move on in a planned way to the new hydraulic construction site. It is very important for this collective to be able to move on promptly to the new site

in individual specialized groups and to begin the preparatory work immediately, taking advantage of its production potential. The USSR Ministry of Power and Electrification must promptly force the fulfillment of the technical plan of the Sredneyniseyskaya GES and provide for immediate planning and construction of a bridge crossing downstream from the GES in order to make it possible subsequently to develop construction on both banks.

One of the most important issues on which further development of the region's fuel and energy complex and its effective functioning depend is the creation of a reliable network of substations and power transmission lines both within the system and between systems, which provide for the necessary flows of electric energy among the regions. At the present time the Eastern Siberian network and also the network of the entire associated energy system of Siberia do not fully provide for effective work of the energy systems.

A decisive factor in the further development of the productive forces of Eastern Siberia is the strengthening of the construction complex, including increasing the capacities of construction organizations of the USSR Ministry of Construction of Heavy Industry Enterprises, Ministry of Construction in the Far East and Transbaykal regions, Ministry of Power and Electrification, Ministry of Transport Construction and others as well as technical renovation of bases of the construction industry of these ministries and the reinforcement of enterprises of the USSR Ministry of the Construction Materials Industry on the territory of this economic region. The volume of capital investments in the branch of specialization is constantly increasing, but the actual assimilation of these and the fulfillment of the given volumes of construction and installation work is constantly being impeded by the shortage of capacities of contracting organizations.

The USSR Ministry of Power and Electrification and the USSR Ministry of the Coal Industry were especially far behind the assignment for creating a base for the construction industry at the KATEK. It was earmarked first of all (as early as 1979-1983) to create a powerful base for the construction industry in the zone of the West Wing of the KATEK which was to provide for continuous construction of powerful GRES's and coal mines on the basis of Kansk-Achinsk coals. Within 6 years only a few of the 30 important facilities of the construction and construction materials industry have been built and not a single one of them has been brought up to its planned capacity, while the majority have not even been scheduled. At the KATEK today there is no production of high-quality construction materials--sand, gravel for making concrete, mortar, or asphalt, and there are no capacities for manufacturing reinforced concrete items for facilities for social, cultural and domestic purposes, the capacities for large-panel housing construction are inadequate, and so forth. Materials and structures are shipped with large interruptions from a long ways away, the railroad is loaded inefficiently, and state funds are overexpended. Frequently the construction of housing, domestic-cultural facilities and municipal facilities lags behind, which has a negative effect on the formation of the collective of construction and operations workers and impedes the retention of personnel at the KATEK.

Contracting organizations and facilities of the construction industry of the USSR Ministry of Power and Electrification are developing unsatisfactorily.

Beginning with the first year of the new five-year plan questions of increasing the production capacities of Glavkrasnoyarskstroy of the USSR Ministry of Construction of Heavy Industry enterprises in Krasnoyarsk Kray and the Tuva ASSR and also the capacities of the main territorial construction administrations of the Ministry of Construction in the Far East and Transbaykal regions in Irkutsk and Chita oblasts and in the Buryat ASSR should be especially monitored by the ministries and local party and soviet agencies. The creation of energy-intensive productions in metallurgy, chemistry and timber processing and the development of other branches of specialization in the economic region depend on the work of these contracting organizations.

Among the interbranch problems is the creation of bases of the construction industry of contracting ministries in various centers where the construction of the rayon is concentrated. Thus what was one of the largest construction industry bases in the country, Bratskgesstroy, is in need of immediate modernization and reconstruction. Since it was created during the 1950's and 1960's, further technical renovation of it was unsatisfactory and at many enterprises of this base the level of mechanization and automation of technological processes was low, a considerable proportion of the equipment and mechanism are obsolete and worn-out, and outdated kinds of elements and materials are being produced. But the USSR Ministry of Power and Electrification is not allotting money for these purposes, thinking that this should be provided by the ministries for which Bratskgesstroy is performing a considerable proportion of its contracting work: the USSR Ministry of Ferrous Metallurgy, the USSR Ministry of the Pulp and Paper Industry and others. There is logic in this way of looking at the question, and the problem becomes an interbranch problem which is difficult to resolve since not a single ministry will voluntarily invest money in the reconstruction of a base in the organization of another department. But it is undoubtedly necessary to resolve this issue. The situation is the same with the base of the construction industry of Glavkrasnoyarskstroy of the USSR Ministry of Construction Industry Enterprises in Krasnoyarsk Kray and the Tuva ASSR. It would seem that in order to change this situation it would be expedient to centralize the funds of the branches and transfer them to the Bratskgesstroy of the USSR Ministry of Power and Electrification and Glavkrasnoyarskstroy of the USSR Ministry of Construction of Heavy Industry Enterprises as clients for the special purpose of development and technical renovation of their bases in the construction industry. This solution would contribute to solving the interbranch problem.

It is known that when solving territorial problems in a number of cases the interests of the branch and the territory come into conflict: the ministries and departments frequently do not devote the proper attention to the construction of housing, facilities for social, cultural and domestic purposes, facilities for the protection of nature and other facilities, on which the local soviets insist. From the bitter experience of dozens of enterprises in Eastern Siberia which are not providing for the loading of capacities because of the shortage of personnel caused by the lack of housing and facilities for social, cultural and domestic purposes, and also from the example of the polluted atmosphere of a number of cities, we are again and

again convinced of the fairness of the demands of local soviet agencies for immediate solutions to social and domestic problems.

The Basic Directions for the Economic and Social Development of the USSR During 1986-1990 and the Period Up to the Year 2000 establish a broad program of economic development for Eastern Siberia. It is envisioned to put energy blocks into operation at the Berezovskaya GRES No 1 and capacities for extracting coal at the Berezovskiy Mine No 1, to begin the construction of the Borodinskiy-2 Coal Mine, to proceed with the construction of Berezovskaya GRES No 2 and to carry out other work for forming the Kansk-Achinsk Territorial Production Complex. It is intended to introduce capacities at enterprises of the Sayansk Territorial Production Complex that are under construction and to accelerate the construction of the Sayansk Aluminum Plant. Resources of the lower Angara region are to be assimilated, construction is to be continued on the Boguchanskaya GES, and preparatory work for the construction of the Sredne-Yeniseyskaya GES and the assimilation of the Gorevskoye Lead and Zinc deposits is to be started. It is intended to begin the assimilation of the Ozeroye Polymetal deposit and to develop the construction of the Tugnuyskiy Coal Mine and to increase the capacity of the Kharanorskiy. Construction is to be completed on the second section of the Gusinozerskaya GRES and capacities are to be put into operation at the Ulan-Ude TETs-2.²

The implementation of such a program is possible under the condition that planning be improved and branch and territorial principles be combined in it. For the eastern regions of the country strengthening of the territorial aspect of planning is an objective law which is related to the need for more efficient utilization of their natural resources and the extremely limited labor resources. This brings to the fore the formation in the economic region of territorial production complexes (TPK's) and industrial centers (PU's) as the most progressive form of territorial organization of productive forces. It is precisely here, on the basis of the rich fuel-energy and mineral-raw material resources, but under the conditions of a poorly developed production and social-domestic infrastructure and a shortage of labor resources that this form of territorial organization of productive forces makes it possible through the plan for the development of the TPK to provide for intercoordination of the branches and cooperation in the use of means of solving interbranch and territorial problems. The Sayansk and Kansk-Achinsk TPK's are being developed in Eastern Siberia at the present time, the lower Angara, upper Lena, Udokan, southern Buryat and Tuva TPK's are being prepared for formation, and 15 industrial centers with unified facilities for the centers are in the stage of formation.

But there are many unsolved problems when it comes to planning and management of the process of forming TPK's and industrial centers. More attention should be devoted to the problem of forming industrial centers and their position in the preplanning documents concerning the TPK should be designed more clearly. Methods of planning TPK's and PU's have not been coordinated yet. Actually, there is no set of methods for planning the industrial unit that is monitored by planning agencies. Financing is left to the good will of the shareholding ministries and the head building organizations do not perform their functions. Often the "industrial center" concept is interpreted not as a group of basic productions but as a group of single centerwide facilities that serve them.

The industrial center should become an indispensable part of the TPK and the basic indicators of the development of the TPK should take into account the coordination of the time periods for the construction of the basic productions of the industrial center and shared financing, construction and introduction of its facilities that are common to the center.

It is also necessary to improve the methods of planning the TPK's. Today the indicators of the economic and social development of two TPK's that are being planned in Eastern Siberia--the Sayansk and the Kansk-Achinsk--are being formed on the basis of departmental drafts of plans. But the indicators are not sufficiently coordinated and specific territorial requirements and interests are not always taken into account. In order to overcome these shortcomings it is necessary to raise the level of the development of preplanning documents.

The plans for the development of productive forces of the economic region or the TPK for the long-range period should not simply be the sum of proposals resulting from branch plans but should reflect interbranch and regional problems and ways of solving them.

For Eastern Siberia, it is necessary to have goal-directed comprehensive programs for all the territorial-production and large interbranch complexes of state and republic significance that are being formed. Without the development and implementation of intercoordinated plans for the development of the branches and territories and without goal-directed comprehensive programs that are mandatory for all ministries, departments and local agencies it will be difficult to achieve success in solving the most important problems involved in comprehensive development of the productive forces of Eastern Siberia.

It is typical of all territories included in the Eastern Siberian Economic Region to have various rich natural resources, but each has its own specific features, economic and geographical situation, traditional ties, and economic and cultural level that has been achieved. In our opinion, each territory should have its own plan for development. Therefore, along with the plan for the development and distribution of the productive forces of the Eastern Siberian economic region for the period up to the year 2000, plans have been drawn up for the development of productive forces for the period up to the year 2000 for Irkutsk Oblast, the Tuva ASSR and Krasnoyarsk Kray. A decision has been made to draw up a plan for the development of productive forces of Chita Oblast for the period up to the year 2005. Through the efforts of scientists and specialists of the Buryat SSR preparations are being completed on the fundamental documents for drawing up a plan for the development of the productive forces of the Buryat ASSR up to the year 2005. For the Tuva ASSR there is a well-developed program for economic and social development for the 12th Five-Year Plan.

It has also been earmarked to develop a number of special-purpose comprehensive programs (TsKP) for the Eastern Siberian economic region--for KATEK, the lower Angara TPK, the Angaro-Usolye-Ziminskiy Complex of Chemical Productions and others. But when target programs are developed a number of

organizational problems arise immediately. Who will be in charge of the work, through whose forces will it be carried out, who will be the organizer and the authorized controller of the implementation of target territorial and interbranch programs?

In order to improve territorial planning, the formation and development of TPK's and the development and implementation of target comprehensive programs and to solve interbranch problems, in our opinion, it is necessary to envision in the five-year plan a reserve of funds for assimilating new territories and to allocate them centrally for solving interbranch problems, and also to strengthen the subdivisions of the central institutes (the SOPS under the USSR Gosplan and the TsENII under the RSFSR Gosplan which are handling Siberian problems.

One of the important steps in the system of measures for improving territorial organization is the creation of authorized personnel of the USSR Gosplan and the most important economic regions in the eastern part of the country—Ural, Western Siberian, Eastern Siberian and Far Eastern. They have the following tasks: to evaluate objectively the processes taking place on the territory and in each branch; to reveal the reasons for the disproportions that have arisen and develop measures for eliminating them; to participate actively in drawing up preplanning documents and proposals for drafts of plans that are directed toward strengthening the role of the economic region in the country's unified national economic complex.

The country has many branch scientific research and planning institutes that have a powerful scientific potential but they do not have sufficient forces for drawing up complicated multibranch preplanning documents. Apparently, it is necessary to somewhat reduce the number of branch organizations in the economic regions and create small branches of the TsENII under the RSFSR Gosplan for developing these interbranch and territorial comprehensive target programs.

It is important for the development of target programs and the subsequent planning of TPK's and industrial centers to be carried out with the participation of all involved ministries and departments and also the krayispolkoms, oblispolkoms, councils of ministers of autonomous republics and planning agencies.

It is necessary to increase the role of planning and interdepartmental agencies and soviets of people's deputies in strengthening the effectiveness of territorial planning and control over the work of the ministries and departments for carrying out territorial plans and programs. In order to accomplish this the USSR Constitution has given them great rights and opportunities for economic and administrative influence.

Local soviets are the main ones interested in improving territorial planning, since nobody knows better than they what the situation is in the local areas. Planning and interdepartmental agencies and local soviets are the main ones interested in the development and subsequent implementation of preplanning and planning documents for the TPK's and industrial centers as well as comprehensive target programs. They are obliged to competently defend the

interests of comprehensive development of their territories and they have sufficient authority. For example, they have the right to coordinate with the enterprises and organizations, regardless of their departmental jurisdiction, the drafts of the five-year and annual plans concerning land usage, protection of nature, the utilization of labor resources, the production of consumer goods, and the social-cultural, domestic and other kinds of service for the population; to verify and coordinate the title lists of construction projects; to prepare proposals for loading the contracting organizations; to coordinate the increase in the number of workers, the plans for the development of the branches on the territory, the distribution of enterprises, the TEO's of large facilities, and so forth.

The local soviets also have the right--which they do not take advantage of--to check on the promptness with which the ministries remit their shared funds for the creation of facilities for the common use of the industrial centers. Local divisions of the USSR Srobybank, upon request from the krayispolkom, are obliged to halt financing of capital facilities of the industrial center for those ministries which do not promptly remit their share to the construction of common facilities for the center. These rights must be utilized more actively, the more so since the staffs of planning agencies of autonomous republics, krays and oblasts have been expanded. In our opinion, it would be expedient for the krayispolkoms, oblispolkoms and councils of ministers of autonomous republics for their planning agencies to have special divisions that engage in the formation of TPK's and industrial centers as well as the development and monitoring of the implementation of comprehensive target programs.

It is necessary to take a stricter approach to the economic calculations concerning the future development of the economic region. The ministries and departments frequently do not consider this. Thus the USSR Ministry of Power and Electrification, in our opinion, do not have sufficient substantiation for considering the problem of energy engineering in Chita Oblast. In long-range documents its development is linked not to the energy system of Siberia, including Eastern Siberia, but to the energy system of the Far East. And the management of the development of Chita energy engineering has been entrusted to Glavseverovostokenergo and not Glavvostokenergo which is providing for management of the energy systems of all the other administrative territories of Eastern Siberia, even though at the present time Chita Oblast maintains energy ties only with Eastern Siberia and has none with the Far East. Of course it is necessary to combine the energy systems of Siberia and the Far East and to strengthen other economic ties of the economic regions of Eastern Siberia and the Far East but, it would seem to us, only within the framework of the economic regions.

It would seem that the preplanning documents concerning solutions to interbranch problems should reflect the developments of the USSR Gosstroy, the State Committee for Science and Technology and the USSR Academy of Sciences and the plans developed by the USSR Gosstroy for regional planning, the distribution of industrial facilities in the industrial centers, the general plans for industrial centers and also the programs created by the State Committee for Science and Technology and the USSR Academy of Sciences for scientific research work on economic regions and TPK's should be coordinated

with comprehensive target programs formed by scientific organizations of the USSR and RSFSR gosplans.

The activity of ministries, departments, planning agencies and local soviets should be directed toward consistent implementation of the programs for accelerated growth of the production potential and assimilation of the natural resources in the eastern regions of the country, comprehensive development of their economy and more rapid growth of branches of the production and social infrastructure.

FOOTNOTES

1. N. I. Ryzhkov, "Ob osnovnykh napravleniyakh ekonomicheskogo i sotsialnogo razvitiya SSSR na 1986-1990 gody i na period do 2000 goda" [On the Basic Directions for the Economic and Social Development of the USSR During 1986-1990 and the Period Up to the Year 2000], Moscow, Politizdat, 1986, p 41.
2. See: "Ob osnovnykh napravleniyakh ekonomicheskogo i sotsialnogo razvitiya SSSR na 1986-1990 gody i na period do 2000 goda," Moscow, Politizdat, 1986, pp 74-75.

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REGIONAL DEVELOPMENT

BOOK ON SIBERIA'S ROLE IN NATIONAL ECONOMY REVIEWED

Moscow *PLANOVOYE KHOZYAYSTVO* in Russian No 5, May 86 pp 118-120

[Review by N. Ilinskaya of the book "Sibir na rubezhe vekov" [Siberia at the Turn of the Century] by A. Aganbegyan and Z. Ibragimova, Moscow, Sovetskaya Rossiya, 1984, 272 pp]

[Text] There is something magical in the words "the third millenium," though it is only 15 years away. One might say that mankind is already on the threshold of the new century, the 21st. We are progressing toward the forthcoming millenium with everything we have acquired along the way. And there is only one means of improvement: to evaluate realistically what has been achieved and analyze the tendencies in socioeconomic development so as to predict the future. How should Siberia develop in order to obtain a maximum return from the funds invested in it from the standpoint of the interests of the country's national economic complex? The book under review is devoted to this major subject. The authors are eminent scholars, leaders of ministries and departments, and party workers.

The book considers in detail the tendencies in the formation of Siberia's fuel and energy complex. Under the 10th Five-Year Plan Siberia became the country's main fuel and energy base. During these years it has provided 90 percent of all the increase in the extraction of fuel, and it has not only produced all the unionwide increase in petroleum, but has also compensated for a reduction of the production in other regions of the country. The Western Siberian complex, in the opinion of Academician A. A. Trofimuk, has a supply of petroleum resources sufficient to last many decades. The difficulty in assimilating them is the subject of a special investigation by the authors of the book. The attention of scientists, geologists, petroleum specialists and gas specialists is drawn to this question: Why has Siberian petroleum become "difficult"? Here is a list of the causes, which the authors analyze in detail: the arrears in the introduction of discovered deposits, the imperfection of the technology for extraction, the weak development of the construction base, energy and transportation, and facilities of the social infrastructure. The elimination of these factors is necessary in order to successfully solve problems of accelerated development of the Western Siberian petroleum and gas complex raised at the Conference of the Party and Economic Aktiv of Tyumen and Tomsk Oblasts on 7 September 1985. These problems should be solved immediately. The concept of long-term development of the country's national economy envisions increasing the fuel and energy potential of Siberia. A primary task is to change over to intensification of production in Siberia, in-depth and comprehensive processing of the raw material that is

extracted, and the concentration here of an increasing proportion of the unionwide production of such energy-intensive branches of industry as ferrous and nonferrous metallurgy, the chemical and petrochemical industry, and the pulp and paper industry. To make this change in Siberia with limited labor resources and with a shortage of technical means is not a simple matter. In the chapter entitled "Points of Effectiveness" the authors try to earmark ways to intensify Siberia's economy. It is necessary to discuss the structural rearrangement of the economy, utilization of more effective forms of control, organization and stimulation of labor, and increased productivity on a qualitatively new basis. The chapter contains interesting and valuable matter concerning advanced technical experience. Having worked for many years as general director of the Uralneftegaz Association, Hero of Socialist Labor A. N. Filimonov gives this example: when constructing roads in Western Siberia a synthetic foundation was used. It successfully replaces the sand and gravel foundation and the applied layer on a sand and cement mixture. The new technical solution greatly accelerated construction and made it significantly less expensive: 1 kilometer of highway costs 20,000 rubles less than 1 kilometer of ordinary highway. The synthetic roads are a clever and doubly effective means of fighting against the lack of roads since fewer trucks are needed to create such a road. Here are valuable bits of experience which should become the property of many collectives. In Tyumen a successfully operating large association is the first in the country to implement the progressive idea of organizing construction using items with a high degree of plant readiness. This is Sibkomplektmontazh. An industrial transportation conveyor has been created for accelerated installation of equipment in oil fields. The essence of the method is this: the field facilities are manufactured at the plant and then shipped in blocks to the site and installed there. It has been calculated that this method makes it possible to increase labor productivity 4-fold in building Siberian deposits. The implementation of these two technical ideas alone, both in Siberia and on the scale of the country, would make it possible to sharply raise the organizational and technical level of construction, to provide for savings on material resources, reduce labor intensiveness, and reduce the time periods for construction. Unfortunately this experience remains the property of those who acquired it.

A leitmotiv in the book is the idea of the need for a regional technical policy. It is based on a course toward automation, mechanization, maximum elimination of manual labor and the application of machines and mechanisms.

A special set of technical equipment is needed for Siberia. This measure does not require large amounts of money, even though it can produce a rapid effect. In this respect the authors give what seems to us to be a reasonable suggestion, which has been approved by a wide range of engineering and technical workers of enterprises. Here is its essence. Siberia accounts for 12 percent of the consumption of machines and mechanisms. Rounding this off, one can say that Siberia obtains every 10th machine in the country. Why not produce this 10th machine in a Siberian variant, taking specific conditions into account? Today we do not have any possibility of regulating the explosion or the plasma spraying of the teeth of all excavators that are produced. But the teeth of excavators that will be operated in eternal frost and the hard ground of the North could be adjusted during the process of manufacture. And loading and unloading cranes for Norilsk, Dudinka and Dikson

could be made of high-quality metal. Otherwise these mechanisms practically do not work there: the limit of the temperature according to the operating specifications is -38°C ., and in these areas the freezing drops to -60°C . It is necessary to take efficient measures to introduce a regional technical policy which can become a source of national economic effectiveness.

By virtue of the very fact that Siberia has been given such an important role in our economy and will have to construct so much, the development of the construction industry should be a primary task. But in fact the volumes of construction are growing while the production of construction materials is barely increasing. The authors substantiate this conclusion with facts and figures. The chief of the Baykal-Amur Railroad, V. A. Garbunov, said at the All-Union Conference on the Formation and Assimilation of Cargo Flows in the BAM Zone (in April 1985 in Tynda) that panels are shipped in to Severobaykalsk from Leningrad, brick into Neryungri from Yakutsk, and fittings for bridges for the BAM—from the Ukraine. Even furniture for institutions is transported across the entire country from the shores of the Baltic. To eliminate these countershipments Siberia must develop its own processing branches.

The book devotes a great deal of attention to the human factor. The main productive force under the conditions of the scientific and technical revolution is still man. The reader becomes acquainted with active, strong people whose energy is transforming Siberia. These include workers and executives, scientists and party workers, engineers and planners. The authors are especially attentive to generalizing the features of the modern manager for the state of affairs and the microclimate in the labor collective depend on his efficiency, competence and ability to see the future as well as his organizational capabilities. The chapter entitled "A Journey Through Warm Norilsk" acquaints the readers with B. I. Kolesnikov, the director of the mining-metallurgical combine, Hero of Socialist Labor Yu. M. Smolov, chairman of the gorispolkom, and I. S. Aristov, the first secretary of the CPSU Goskom, who share the experience they have accumulated in assimilating the North.

The party line toward ensuring balanced economic and social development of our society is especially important for Siberia. In spite of the positive changes in the life of Siberians, the region's social sphere is still developing more slowly than its production sphere.

Problems related to the utilization of natural resources in less assimilated and unassimilated territories (including the Arctic Zone) and the formation of industrial centers and territorial production complexes in Siberia are also touched upon in the book, and the role of science in transforming the country's eastern regions is shown clearly. Siberia at the turn of the century is shown clearly from the pages of the book. Each chapter is filled with interesting information and is logically included in the book's overall structure. This nicely written book will be read with interest by scholars, management workers, economists and journalists.

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